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# FEDERAL COAL MANAGEMENT REPORT

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U.S. DEPARTMENT OF THE INTERIOR
March 3 1849

## FISCAL YEAR 1985

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THE SECRETARY OF THE INTERIOR

WASHINGTON

MAY 13 1986

Honorable George Bush
President of the Senate
Washington, D.C. 20510

Dear Mr. President:

I am pleased to present to you the Federal Coal Management Report, Fiscal Year 1985, as required by the Federal Coal Leasing Amendments Act of 1976 (Public Law 94-377, Section 8).

This report describes the activities carried out under the Federal coal management program of the Department of the Interior during Fiscal Year 1985. Of particular significance in this report is the discussion of the steps taken to thoroughly review the Federal coal program so that decisions can be made on that program. Several actions were completed during Fiscal Year 1985 in the review of the Federal coal program. A supplement to the Federal coal management program environmental impact statement was prepared and issued in October 1985. In November 1984, the Department published proposed rules on the regulatory changes necessary to implement several recommendations of the Commission on Fair Market Value Policy for Federal Coal Leasing; and in March 1985, the Department published proposed rules on the regulatory changes necessary to implement several suggested Office of Technology Assessment options. Statistically, the report features details of the dramatic increase in Federal coal production and royalties in Fiscal Year 1985.

On February 21, 1986, I made several decisions to adopt key elements of the Commission on Fair Market Value and Office of Technology Assessment reports, and to resume activities of the Federal coal management program. (See enclosed news release and fact sheet summarizing these decisions and providing background on the coal leasing program.) These and other actions that have occurred after October 1, 1985, will be covered in the body of the Fiscal Year 1986 report.

I trust you will find the report informative.

Sincerely,

Donald Paul Hodel

DONALD PAUL HODEL

Enclosures

cc: Senate Committee on Energy and Natural Resources

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# DEPARTMENT of the INTERIOR
## news release

BUREAU OF LAND MANAGEMENT

For Release February 26, 1986 Pat Korp (202) 343-5717

INTERIOR TO RESUME FEDERAL COAL LEASING PROGRAM

Ending a two-year suspension of regional coal sales, Secretary of the Interior Don Hodel today unveiled a framework for the resumption of federal coal leasing program activities.

"The new program will provide the opportunity to satisfy market demand for acquiring and developing new leases, assure the government of fair market value for its federal coal reserves, and provide a stable supply of coal for this country's energy needs," he said. "However, because of the time required to complete planning and environmental analysis, the earliest likely date for a resumption in regional lease sales would be late 1987," he added.

Hodel underscored the important and growing contribution federally owned coal is making to the national economy. "Coal mined from federal leases increased 56 percent in fiscal year 1985 to 162 million tons while overall U.S. coal production remained level. Furthermore, the royalty income to the U. S. Treasury from the mining of this federal coal grew by 81 percent to just over $104 million," he said.

"When the program is resumed," Hodel stated, "State governments and the public will have more opportunities to participate in the management process concerned with federal coal resources by working with the Regional Coal Teams." These teams, composed of representatives from State government and Bureau of Land Management offices in the regions where the federal coal is located, play a major part in the coal leasing program.

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"The role of these teams will be strengthened," Hodel said. "The Regional Coal Teams will determine whether and when to schedule new regional federal coal lease sale planning. They will provide a flexible and decentralized approach to the management of important coal resources," he added. The modified program also contains provisions for the leasing of coal in emergency situations and in response to applications in areas where Federal coal resources are less prevalent or less in demand.

The coal leasing program is outlined in a final supplemental environmental impact statement (EIS) published by Interior's Bureau of Land Management in October 1985. Hodel said most of the 600 public comments received on the draft EIS supported continuation of this program.

The current federal coal leasing program was established in 1979 following nearly a decade of restricted leasing. It has undergone a number of changes in the past six years. These changes, in addition to changes in the economic conditions which formed the basis for the 1979 analysis and program decision, were the reasons for the Department's decision to supplement the earlier environmental impact statement.

The 1985 EIS supplement forecasts greatly reduced environmental impacts stemming from coal development compared to 1979 projections.

In addition to assuring that fair market value is received on all federal coal lease sales, the modified coal leasing program announced by Hodel will also:

--fulfill pledges made in response to two Congressionally directed 1984 reports which set forth recommendations for improving environmental planning and fair market value determination procedures in the coal leasing program;

--permit the regional coal teams to have a major say in determining the levels of leasing studied in regional environmental impact statements and the timing, choice, and location of specific tracts offered for lease sale;

--increase the number of opportunities in which the public may advise the Bureau of Land Management on ways to address and resolve multiple use resource issues involving coal leasing on public lands;

--provide for a three-stage assessment of coal market conditions so that the Department's planning and execution of coal leasing decisions conform to existing as well as projected demand for federal coal;

--permit leasing of coal that would otherwise be bypassed by existing operations and later be economically unmineable;

--provide the opportunity to continue mining activity in areas already dependent upon the development of federal coal;

--provide entry opportunities for new firms to compete for federal leases and for contracts with coal consumers; and

--allow for the processing of remaining preference right lease applications.

Copies of the decision outlining the federal coal leasing program are available from the Bureau of Land Management, Office of Public Affairs, Room 5600, 18th & C Streets, N.W., Washington, D.C. 20240.

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# BLM Facts

U.S. DEPARTMENT OF THE INTERIOR - BUREAU OF LAND MANAGEMENT

## FEDERAL COAL LEASING PROGRAM

Under the Mineral Leasing Act of 1920, as amended, the Department of the Interior has responsibility for leasing Federal coal lands. Until 1960, little demand existed for Federal coal, and little leasing occurred. In the 1960s, leasing greatly increased. In 1971, the Department imposed a moratorium on coal leasing in response to public concerns that the lands were being leased mainly for speculation rather than development. This moratorium lasted, with minor exceptions, for nearly a decade. In July 1979, the Department issued regulations implementing a new Federal coal leasing program consistent with the Federal Coal Leasing Amendments Act of 1976 and other laws passed in the 1970's. Full-scale leasing activities resumed in January 1981 with lease sales in Colorado.

Before issuing its coal leasing regulations in 1979, the Department prepared its Final Environmental Statement for the Federal Coal Management Program. In the six years following the 1979 environmental statement, many changes were made to or proposed for the program. A supplemental EIS was prepared to consider these changes and to assess economic and environmental conditions that might have a bearing on the choice of a leasing program. The final supplemental EIS was issued in October 1985. The new Federal coal leasing program currently being implemented is based on analysis presented in this document.

Key features of the program include the use of regionally-based coal teams, the integral study of market conditions in support of major leasing decisions, and the use of competitive lease sales. It includes a number of changes recommended by the Commission on Fair Market Value Policy for Federal Coal Leasing and the Office of Technology Assessment regarding procedures to enhance the attainment of fair market value and to address environmental concerns in land use planning. It also contains provisions for the leasing of coal in response to applications in areas where Federal coal resources are less prevalent or less in demand, or to meet emergency situations.

The Commission report, issued in 1984, contained 36 recommendations and three judgments in the following categories: leasing levels, tract selection (identification for study), lease sale procedures, appraisal methods, key statutory and related factors, and organization and management. The main thrust of the changes adopted by the Department in response to the Commission's recommendations concern:

1. Appraisal Methods: The Department has developed a definition for captive tracts and devised procedures to appraise their value to the adjacent coal or mine owner. Other steps, including review by the public, have been taken in developing an overall appraisal methodology in guidebook form for use by the BLM's economic evaluation staffs. Improvements have also been made to the gathering of lease assignment information that will be used in estimating the value of potential lease tracts.

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2. Market Analysis: To ensure that steps of the lease sale decision process are undertaken in the context of an awareness of regional coal supply and demand, a three-tiered system of market analysis is being implemented. As a result, Regional Coal Teams will have at their disposal a market study to enable them to determine whether sufficient demand is present or forecasted to warrant the initiation of activity planning. Studies will also be completed as an integral part of decisions on leasing levels for study in regional environmental impact statements and the final selection and scheduling of tracts for lease sale.

3. Sale Procedures: The Department has agreed to use a variety of procedures designed to encourage competition at lease sales, improve the chances for receiving adequate bids at lease sales, and to evaluate whether bids represent fair market value.

In response to Office of Technology Assessment recommendations, the Department has made the following program modifications:

1. Leasing Levels: Regional Coal Teams have been given an enhanced role in recommending key decisions to the Secretary concerning the amounts of coal to be studied for regional leasing and the actual selection and scheduling of tracts for lease sale. These recommendations will be accepted unless the Secretary can cite an overriding national interest factor or a Governor's request to modify such a recommendation. Smaller, more frequent sales will be held to better judge market conditions and prevent overleasing or underleasing from occurring.

2. Public Participation: BLM guidelines have been written to document all opportunities for the public to comment at various stages in the planning process for coal leasing, including several new such opportunities.

3. Comprehensive Land Use Planning: Resource management plans prepared after passage of the Federal Land Policy and Management Act of 1976 must now be completed in order for a new round of lease sale planning to begin. Additionally, BLM will strengthen procedures for consulting with affected Federal agencies during land use planning to assure that the purposes and values of those agencies are considered and incorporated into land use decisions in an attempt to reduce conflicts.

4. Data Adequacy: To assure consistent use of an adequate data base in coal lease sale decisionmaking, Regional Coal Teams are being directed to develop standards and guidelines for public comment, and to document the use of these standards and guidelines in the planning process. The unsuitability criteria screening process will include such enhanced procedures to assure data adequacy.

Before resuming the coal leasing program, the Department will transmit to its field offices needed guidance explaining the new procedures. A meeting of the Federal-State Coal Advisory Board has been scheduled for early April to brief the involved Federal and State Government officials on the revised coal program. Individual Regional Coal Teams will schedule their meetings at appropriate times to consider whether to resume their activities, which have been suspended while the coal program has been under review for the past two years.

(February 1986)

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# Federal Coal Management Report

**Fiscal Year 1985**

Annual report of the Secretary of the Interior under
Section 8 of the Federal Coal Leasing Amendments Act of 1976
(P.L. 94-377)

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## PREFACE

The Federal Coal Management Report is an annual report mandated by the Federal Coal Leasing Amendments Act of 1976. This year's report, the ninth to be transmitted to Congress, focuses on the implementation of the Federal coal management program during Fiscal Year (FY) 1985.

This report is divided into five major parts: (1) Introduction; (2) Changes in the Federal Coal Management Program; (3) Management, Supervision, and Enforcement in FY 1985; (4) Litigation; and (5) Major Issues for 1986. There are also two appendices.

The Introduction summarizes the status of Federal coal lands and current leases and applications.

The second part briefly describes the changes to the Federal coal management program that were implemented in FY 1985.

The third part presents the FY 1985 responsibilities and activities of the Bureau of Land Management (BLM), Minerals Management Service (MMS), Geological Survey (GS), Office of Surface Mining Reclamation and Enforcement (OSMRE), Fish and Wildlife Service (FWS), Department of Agriculture/Forest Service (FS), and Department of Justice (DOJ).

The fourth part briefly discusses litigation concerning Federal coal activities.

The last part, as mandated, provides a brief description of current issues concerning the Federal coal program.



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# I. INTRODUCTION

The Federal Government owns about one-third of the Nation's coal. Approximately 75.6 million acres of coal are owned and administered by the Federal Government and are located principally in the Western States. These western Federal coal lands contain as much as 60 percent of the total western coal reserve base, and the Federal Government also indirectly affects the use of at least an additional 20 percent of the coal in the West.

In FY 1985, 162.2 million tons of Federal coal were mined (see Figure 1 for regional distribution), a significant increase from the 104.1 million tons of Federal coal mined in FY 1984. This FY 1985 production accounted for approximately 18.9 percent of the total U.S. production, up from 11.6 percent in FY 1984. Total U.S. production in FY 1985 was approximately 863.3 million tons, as compared to 896 million tons in FY 1984. In FY 1985, total reported royalties on Federal coal leases were 104.6 million dollars, an 81 percent increase from the total reported royalties of 57.8 million dollars in FY 1984.

The substantial increases in Federal coal production (56 percent) and reported royalties (81 percent) experienced in FY 1985 are attributable to a combination of several factors. During FY 1985, new production occurred on 25 Federal leases which accounted for significant increases. While many other leases had increases, 15 experienced substantial growth in production and royalties. Also, the increases in production and royalties are attributable to movement of mining operations from state and private lands to adjacent Federal lands, conversion of leases from royalty computations based on cents per ton to percentage of sales price, increased production in anticipation of royalty rate readjustment, and over $13 million in collections resulting from Minerals Management Service (MMS) audits. Finally, increased inspection and enforcement and production verification activities by the Bureau of Land Management and recent conversion of coal operators to the MMS Production Accounting and Auditing System contributed to improved compliance and royalty reporting in FY 1985 and will continue to do so in future years.

As of September 30, 1985, there were 618 Federal coal leases covering 918,900 acres and containing 17.6 billion tons of recoverable reserves. Sixteen Federal coal leases were relinquished during FY 1985, and 6 new Federal coal leases were issued. The total acreage of leases issued in FY 1985 was 1,473 acres containing 6.23 million tons of recoverable reserves. The sixteen leases that were relinquished covered 26,999 acres.

All of the 6 new leases issued in FY 1985 were processed in response to applications for lease sale. One of these sales had been held in FY 1984.

From FY 1982 through FY 1985, 73 Federal coal leases were issued and 52 leases were sold. The reason why 21 more leases were issued than sold are several: many of the leases sold in FY 1981 and FY 1982 were not issued until the following fiscal years after the sale; 10 PRLAs were issued from FY 1982 through FY 1985; and there were several lease exchanges and partial lease assignments that resulted in new leases.



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In FY 1985, 9 Federal coal lease tracts were sold covering 2,876 acres containing 10.2 million tons of recoverable reserves (Table 1). Lease sales brought $425,952 in bonus bids. Four of the leases sold in FY 1984 had not yet been issued by the end of the fiscal year. As of September 30, 1985, 121 preference right lease applications (PRLA's) remain to be processed.

Figures 2 and 3 graphically depict the acreage and reserves of the Federal coal production regions. Appendix A (pages 37 to 57) provides a detailed description of the total U.S. and Federal coal lands and the Federal coal leases and lease applications.



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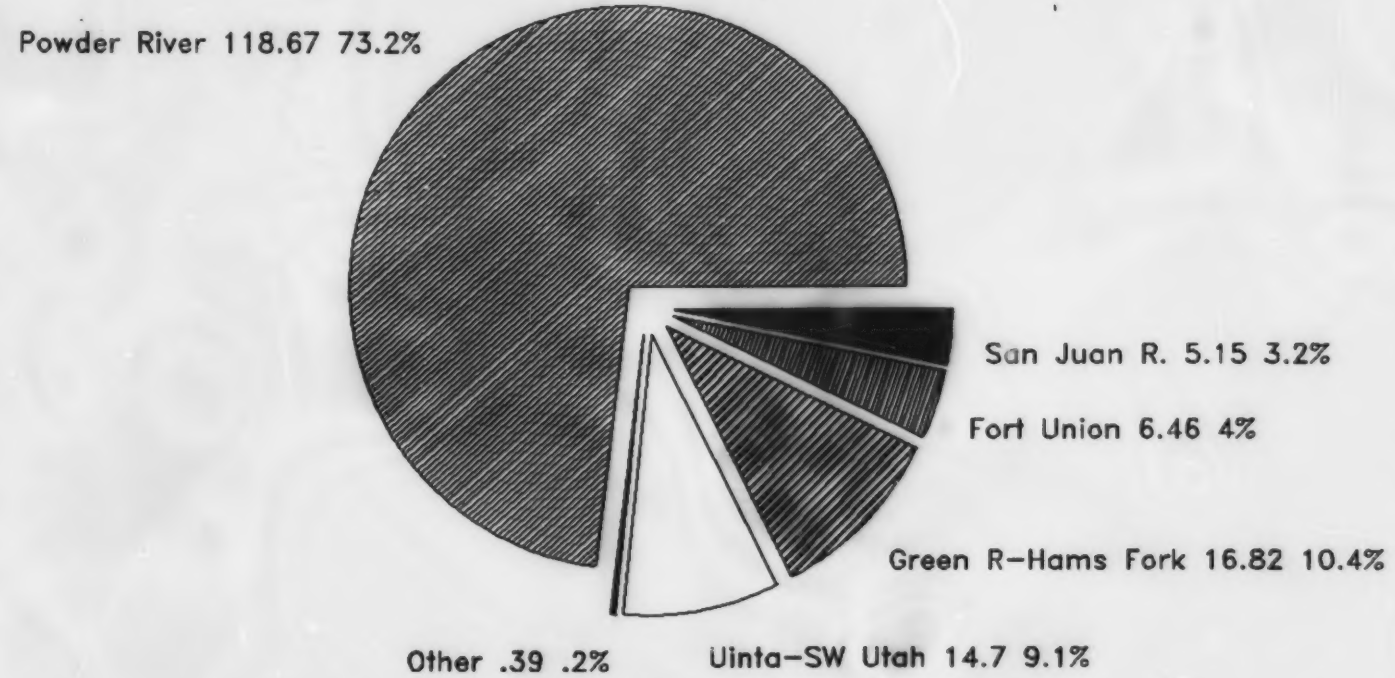
Figure 1

# Federal Coal Leases – FY 85 Production

By Coal Regions

162.19 Million Tons




Source: Minerals Management Service, Royalty Management Office, Dec. 1985



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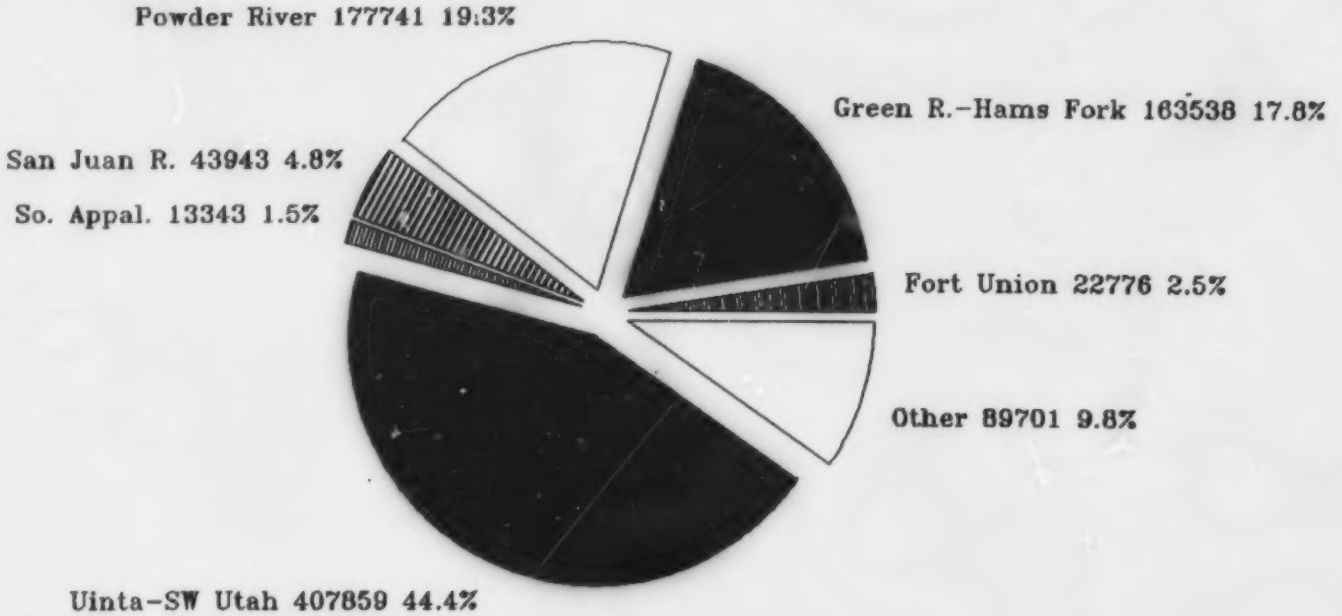
Figure 2

# Federal Coal Leases – Acreage

## By Coal Regions

**918900 Acres**


Powder River 177741 19.3%
Green R.–Hams Fork 163538 17.8%
San Juan R. 43943 4.8%
So. Appal. 13343 1.5%
Fort Union 22776 2.5%
Other 89701 9.8%
Uinta–SW Utah 407859 44.4%

Source: Solid Leasable Minerals System, Sept. 30, 1985



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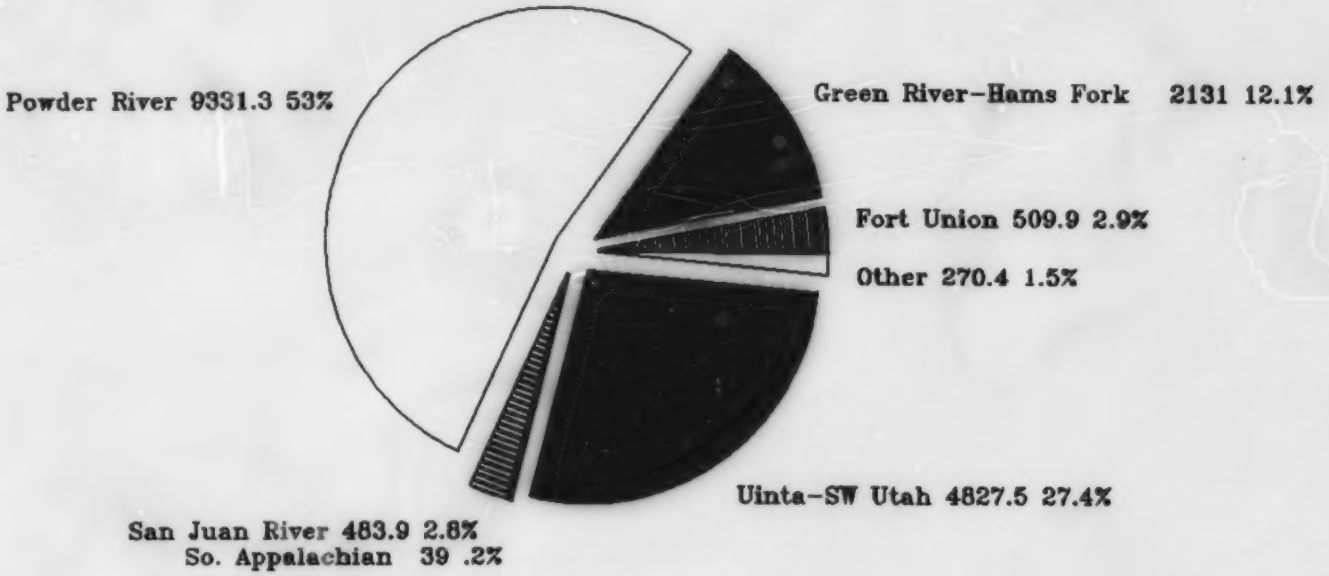
Figure 3

# Federal Coal Leases – Recoverable Reserves

## By Coal Regions

17592.9 Million Tons


Powder River 9331.3 53%
Green River-Hams Fork 2131 12.1%
Fort Union 509.9 2.9%
Other 270.4 1.5%
Uinta-SW Utah 4827.5 27.4%
San Juan River 483.9 2.8%
So. Appalachian 39 .2%

Source: Solid Leasable Minerals System, Sept. 30, 1985

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## II. CHANGES IN THE FEDERAL COAL MANAGEMENT PROGRAM

### A. BUREAU OF LAND MANAGEMENT

#### 1. Review of the Coal Program

In 1983, Congress directed establishment of the Commission on Fair Market Value Policy for Federal Coal Leasing (Commission) to study the fair market value aspects of the Federal coal leasing program. In addition, Congress directed the Office of Technology Assessment (OTA) to assess the coal program's ability to ensure the development of coal leases in an environmentally acceptable manner. The Commission's report was issued in February 1984 and the OTA's report was issued in May 1984. The Secretary responded to those two reports in March and July 1984, respectively. The Department held meetings in July 1984 with industry and environmental groups and representatives of western coal State governors to discuss implementation procedures for several items in the program. The principal thrust of these reports was that the Department should: (1) temper its pace of coal leasing; (2) improve and better document its procedures for receiving fair market value; and (3) take care to balance competing resource uses in making leasing decisions. In response the Secretary agreed to most of the individual recommendations in the two reports, in some cases conditioned on further analysis.

Also in March 1984 the Secretary suspended further regional activity planning and lease sales pending development and implementation of revised coal leasing procedures. The Secretary allowed emergency leasing, processing of coal preference right lease applications, and coal lease exchanges to proceed during the suspension.

On August 30, 1984, the Secretary announced that the Department would prepare a supplement to the 1979 final environmental impact statement (EIS) for the Federal coal management program. One of the reasons for preparing the supplement was the need to review the assumptions and data that were used as the basis for the 1979 EIS. In particular, since the projected demand for western coal changed significantly since 1979, an updated analysis of western coal markets became necessary in order to assess the environmental impacts of Federal coal leasing activities.

After conducting several public scoping meetings and receiving written comments, the Department made a decision, on December 21, 1984, on the scope of the supplement to the 1979 EIS. A draft supplemental EIS was released in February 1985 and the comment period closed on May 9, 1985. Six public hearings were held at various locations in the West as well as in Washington, D.C. A total of 53 comment letters were received and 41 individuals testified at the hearings. The final supplemental EIS, which included responses to those comments, was released on October 4, 1985.

The supplemental EIS analyzed, as its Proposed Action, the potential impacts of the program that was identified as the preferred alternative in the 1979 EIS as modified to reflect rule changes made in 1982 and 1983 and procedural changes proposed as a result of the program review. (For a discussion of the proposed procedural changes, see the descriptions under III.A. of this report.) Three other alternatives were also analyzed — i.e., no new leasing, emergency and preference right leasing only, and leasing by application only.



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As a general conclusion the projections in the EIS Supplement indicated that levels of impacts from coal development in the Western States over the next 15 years would be sharply lower in comparison to the expectations in the 1979 EIS. Furthermore, no environmentally preferred alternative could be identified based on the analysis in the EIS Supplement. A secretarial issue document was prepared for the Secretary so that he could decide on whether to continue the existing program as modified, or to select one of the other alternatives studied.

In addition to the preparation of the programmatic EIS supplement, the Department took other actions during the fiscal year to follow through on its commitment to full public involvement in the program review. On October 31, 1984, the Department solicited comments on key program proposals that had been previously issued for comment in June 1984. The proposals published in the Federal Register in October 1984 were on (a) experimental auction techniques, (b) sharing coal exploratory drilling data, (c) intertract bidding, (d) tract delineation and definitions, (e) negotiated sales, and (f) cooperative leasing.

On November 5, 1984, the Department published proposed rules on the regulatory changes necessary to implement several Commission recommendations. Comments were requested on the proposal to (a) delete from the regulations the term "preferred alternative" and replace it with "proposed action," (b) establish bids on a regional basis and express them in cents-per-ton, and (c) withhold from the evaluation team the amount bid on a single-bid tract until the team has completed its postsale appraisal of those tracts based on the results of bidding on multiple-bid tracts.

Also in November 1984, the Department distributed a package of additional draft procedures that could be used to implement recommendations from both the Commission and OTA reports. On December 6 and 7, 1984, the Department hosted meetings with State Government and industry representatives to discuss the various proposals that had been distributed for public review. On January 8, 1985, the Department hosted a similar session for representatives of environmental groups.

In March 1985 the Department published proposed rules on the regulatory changes necessary to implement several suggested OTA options. Comments were requested on the following proposals: (a) the setting of a 30-day minimum time period for public comments on Federal coal program decisions; (b) making RCT recommendations rebuttable presumptions; (c) combining the call for coal resource information, made at the beginning of land use planning, with a call for other resource information; and (d) reinstating the "threshhold" concept in the Federal coal management rules.

2. Federal-State Coal Advisory Board

Because of the Department's desire to enhance the role of the regional coal teams (RCTs), as reflected in the Secretary's responses to the two program reviews, the charter for the Federal-State Coal Advisory Board was revised and became effective on October 26, 1984. Under its charter, the Board reviews and makes recommendations on the Department's long-range coal planning



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schedule and the steps and resources needed to achieve the schedule. The RCTs, as subcommittees of the Board, serve as important forums for balancing State, regional and national environmental, social and economic concerns in the coal management program.

In March 1985, the Board met to discuss the status of the program review. At the meeting, the Board recommended to the Secretary that data adequacy standards be set by the RCTs rather than having national standards, the reason being that there are regional differences that do not lend themselves to stringent national standards.



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## III. MANAGEMENT, SUPERVISION, AND ENFORCEMENT

The BLM, MMS, GS, OSMRE, and FWS carried out a number of the requirements of the Federal coal program in FY 1985. Additional responsibilities relating to Federal coal leasing are carried out by agencies outside the Department of the Interior (DOI), particularly by the U.S. Forest Service (FS) and the Department of Justice (DOJ).

### A. BUREAU OF LAND MANAGEMENT

The BLM serves as the focal point for conducting DOI's coal policy review and is responsible for assuring interagency coordination for implementing the Federal coal program. The BLM is also DOI's focal point for coordination with State and local governments, industry, and environmental groups concerned with the management of Federal coal. The BLM's responsibilities in the Federal coal program include preparing land use plans or, where Federal interests are not large enough to justify a plan, a land use analysis, both of which include surface owner consultation and application of the unsuitability criteria. The BLM also is responsible for estimating both the quantity and quality of Federal coal, delineating potential lease tracts, and evaluating the economic value of coal resources for lands proposed for leasing or exchange. The BLM also participates in selecting and recommending to the Secretary the tracts to be offered for lease in regional lease sales, as well as preparing analyses of those tracts and the regional coal lease sale EIS. In addition, the BLM processes coal exploration licenses, lease applications, and coal lease and fee coal exchanges.

A centerpiece of BLM's coal responsibilities is its coal operations program. An area of primary focus in FY 1985 has been the inspection and enforcement/production verification component of the program. Included are actions on exploration and resource recovery and protection plans, and logical mining units (LMUs), and other associated operations issues, such as production verification, readjustments, and suspensions, diligence, and Section 2(a)(2)(A) lessee qualifications. The BLM is solely responsible for the verification of all production from Federal coal leases. MMS uses this information to properly assess production royalties.

#### Land Use Planning

The first major step in the Federal coal leasing program is land use planning by the surface management agency. Decisions resulting from the land use planning process identify resource uses, including lands acceptable for



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further consideration for coal leasing. These areas are identified after reviewing all lands in a planning area using four coal screens that are integral to the planning process. These screens are listed below.

1. Areas are eliminated from coal leasing consideration if they do not have coal development potential.

2. Additional coal areas are eliminated if they are judged unsuitable for surface coal mining, using the 20 unsuitability criteria and their exceptions and exemptions found at 43 CFR 3461.

3. Additional coal areas may be eliminated on multiple-use grounds if other resource values are determined to be superior to coal.

4. Surface owner consultation may also result in the elimination of split estate lands minable by surface methods from further consideration for leasing in areas where a significant number of qualified surface owners oppose surface coal mining. Application of screens 2 and 3 contributes to the completion of the Federal lands review required by the Surface Mining Control and Reclamation Act (SMCRA).

Land use plans are generally either management framework plans (MFPs) or resource management plans (RMPs). Prior to the adoption of the 1979 rules on planning, programming, and budgeting for public land and resources (43 CFR 1600), all land use plans were MFPs. The rules now require that all new land use plans be RMPs prepared in accordance with the 1979 rules, although existing MFPs may be amended to conform to the 1979 rules, rather than an RMP prepared.

Regional Coal Activity Planning

Regional coal activity planning (defined in 43 CFR 3420) for coal within a Federal coal production region takes place on lands covered by completed land use plans. Regional coal activity planning involves a call for expressions of leasing interest, the establishment of leasing levels, and the delineation, ranking, selection, and scheduling of tracts for lease sale from the land identified in the land use plans as acceptable for further consideration for leasing. The RCTs play a crucial role throughout the activity planning process by guiding the leasing studies and recommending regional leasing levels and lease sale schedules to the Secretary.

A regional EIS is prepared during activity planning and is the National Environmental Policy Act (NEPA) analysis for the proposed sale. The delineated tracts that have been selected for further study in the EIS by the RCT are grouped into leasing alternatives. At least one alternative must fall within the leasing level range, and is usually selected as the proposed action in the EIS. Participation of State and local governments is actively sought during preparation of the regional EIS. Before making a final leasing decision, the Secretary consults with the Governors of the affected States, surface management agencies, the Department of Energy, and DOJ. This final decision includes whether to offer coal, and if so, how much coal to offer, which tracts to offer, when to hold the lease sale(s), and how the coal will be offered (special leasing opportunity, intertract bidding, cooperative leasing, etc.).



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In response to the Linowes Commission and OTA reports, several changes in the regional activity planning process have been proposed. These proposals would: (1) incorporate the use of market analyses at three points in the coal leasing process; (2) inject formal data adequacy review procedures into activity planning; and (3) allow greater Federal State Coal Advisory Board (FSCAB) participation in developing the 5-year schedule. Market analyses would be used by an RCT in its decision on whether a new round of activity planning should be initiated, in its examination of and recommendations for the regional leasing level, and in its recommendations regarding the need for a sale and, if so, a lease sale schedule.

The range of leasing levels will be established based on recommendations by the RCTs and will take public comments into account. The Department will establish leasing levels that promote rational leasing decisions that do not unduly dominate coal markets. The amount of preference right leasing will be considered in determining the appropriate level of future regional coal leasing.

Several data adequacy review procedures would be added throughout regional activity planning, including an RCT review of unresolved issues and data adequacy problems in land use plans, an assessment of the available data in preparing site-specific environmental analyses (tract profiles), the experimental use of science advisors to assist the RCTs in assessing data adequacy, and the identification of tracts not recommended by the RCT for lease sale because of data inadequacies. Any additional inventories or surveys to correct data inadequacies would be site-specific on tracts already delineated, rather than on the entire land use planning area.

The Department will continue to maintain a long-range (5-year) planning schedule that will be developed in consultation with the Federal-State Coal Advisory Board.

Due to the review of the coal leasing program, no regional coal lease sales were held during FY 1985.

Leasing by Application

The coal leasing regulations at 43 CFR 3425 provide for an application process through which the Department will consider holding Federal coal lease sales apart from the regional leasing process. There are two types of applications, those for Federal coal located outside Federal coal production regions and those for emergency situations within Federal coal production regions. Emergency lease sales are held when the coal is needed within three years to maintain production at existing mines, to meet contractual obligations, or to prevent the bypass of Federal coal.

In FY 1984, the Secretary stated that, until the program review was completed, lease sales would only be held if the applicant could meet the emergency leasing criteria regardless of where the coal was located. Nine lease tracts were sold in FY 1985. Tracts sold totalled 2,876 acres containing a total of 10.22 million tons of recoverable reserves (see Table 1).



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TABLE 1

RESULTS OF EMERGENCY LEASE APPLICATION SALES HELD DURING FY 1985 1/

| State | Date of Sale | High Bidder | Serial No. | Acreage | Recoverable Reserves (In Mil. Tons) | Royalty Rate (Percent) | Bonus Bid ($/Acre) |
|---|---|---|---|---|---|---|---|
| Alabama | 01/16/85 | Mitchell & Neely, Inc. | ES28564 | 200 | .126 | 12.5 | $100.00 |
| | 01/16/85 | North River Energy Co. | ES32949 | 50 | .017 | 12.5 | 100.00 |
| | 06/27/85 | Russell Coal Co. | ES32662 | 310 | .113 | 12.5 | 100.00 |
| | 08/22/85 | Nickel Plate Mining Co. | ES35042 2/ | 890 | 1.012 | 12.5 | 100.00 |
| Colorado | 03/05/85 | Getty Minerals Marketing | C26914 | 30 | .121 | 12.5 | 250.00 |
| Kentucky | 03/07/85 | Hot Rocks Coal Co. | ES31464 | 831 | 2.200 | 8.0 | 100.05 |
| North Dakota | 07/18/85 | Baukol Noonan, Inc. | M62073ND 2/ | 240 | 1.490 | 12.5 | 100.03 |
| Utah | 04/18/85 | U.S. Fuel Co. | U51923 | 160 | 1.745 | 8.0 | 101.00 |
| Wyoming | 04/30/85 | Pittsburg & Midway Mining Co. | W88913 | 165 | 3.400 | 12.5 | 910.00 |
| TOTAL | | | | 2,876 | 10.224 | | |

1/ Because of the ongoing coal program review, all lease applications were required to meet the emergency leasing criteria during FY 85.

2/ This lease had not been issued as of September 30, 1985.

SOURCE: U.S. Department of the Interior, Bureau of Land Management, Division of Solid Mineral Leasing, Solid Leasable Minerals System, September 30, 1985.



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## Preference Right Lease Applications (PRLAs)

Prior to enactment of the Federal Coal Leasing Amendments Act of 1976 (FCLAA), as a result of activity undertaken under a prospecting permit issued under Section 2(b) of the MLLA, a permittee could submit a PRLA. If the Secretary determined that coal had been found in commercial quantities, the applicant was entitled to a noncompetitive preference right lease. The FCLAA abolished preference right leasing except for PRLAs that resulted from prospecting permits issued on or before August 4, 1976. While the Secretary of the Interior has no discretion to refuse issuance of a preference right lease if a prospecting permittee shows a discovery of coal in commercial quantities, the Secretary must, however, (1) comply with NEPA, (2) develop appropriate environmental impact mitigation measures, and (3) consider the cost of those mitigation measures in determining commercial quantities.

As of September 30, 1985, there were 121 PRLAs pending (see Table 2). During FY 1985, no preference right leases were issued due to a review of BLM's policies and procedures for processing PRLAs. However, 16 applications were withdrawn by the applicants. Twenty-two PRLAs in New Mexico, Utah, and Montana were affected by a processing ban imposed by Congress in the FY 1985 Appropriations Act for Interior and Related Agencies. These 22 PRLAs are located in BLM Wilderness Study Areas and Forest Service Rare II Areas or are closely associated with PRLAs in such areas and could not be processed separately.

In June 1983, BLM issued instructions to its field offices that region, or areawide, or application specific EISs would be required for all pending PRLAs, excepting certain specified PRLAs already covered by adequate environmental documents.

Preparation of environmental analyses was under way for some of the PRLAs in FY 1985. A draft EIS for PRLAs held by Consolidation Coal Company in Colorado was filed with EPA on November 21, 1985. A preliminary draft EIS for the northwest Colorado PRLAs has been completed. It is expected that the draft EIS will be released in FY 1986.



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TABLE 2

CURRENT STATUS OF PRLAs, PRLAs WITHDRAWN DURING FY 85,
BY STATE

| State | Number Of PRLAs 10/1/84 | Acres | PRLAs Withdrawn | Acres | Number Of PRLAs 9/30/85 | Acres |
|---|---|---|---|---|---|---|
| Alaska | 2 1/ | 5,120 | -- | -- | 2 | 5,120 |
| Colorado | 17 | 32,671 | -- | -- | 17 | 32,671 |
| Montana | 4 | 14,673 | -- | -- | 4 | 14,673 |
| New Mexico | 26 | 75,509 | -- | -- | 26 | 75,509 |
| Utah | 12 | 39,549 | -- | -- | 12 | 39,549 |
| Wyoming | 76 | 148,961 | 16 | 28,358 | 60 | 120,603 |
| Total | 137 | 316,483 | 16 | 28,358 | 121 | 288,126 |

SOURCE: U.S. Department of the Interior, Bureau of Land Management, Division of Solid Mineral Leasing, Solid Leasable Minerals System, September 30, 1985.

1/ Two PRLAs in Alaska are pending transfer to Arctic Slope Regional Corp.



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Processing of the remaining PRLAs not in wilderness areas or wilderness study areas is being delayed until the Department completes negotiations with the National Wildlife Federation and other conservation groups regarding the BLM's policies and procedures for processing PRLAs, particularly those procedures that involve determining the cost of compliance with environmental mitigation measures to be used in the commercial quantities determination. These negotiations are an outgrowth of a District Court's decision in NRDC v. Berklund which required the Department to estimate the costs of compliance with environmental mitigation measures. A tentative agreement has been reached between the Department and the conservation groups. When final, the agreement will form the basis for resumption of processing PRLAs and the issuance of leases to applicants who demonstrate the discovery of coal in commercial quantities.

Exchanges Involving Coal

The Department conducts two types of exchanges that involve the transfer of coal mineral rights. Enactment of the Federal Coal Leasing Amendments Act of 1976 removed the Department's general authority to issue leases noncompetitively, a revocation that has ruled out all lease exchanges except for those specifically legislated by Congress. Where specifically allowed or directed by law, the Department may award a new coal lease to a Federal or Indian coal lease holder in exchange for relinquishment by the lessee of an existing lease or leases. In the lease exchange statutes enacted to date, lease exchanges have been made on an equal value basis. Each lease exchange is subject to NEPA analysis before a decision is made.

The BLM may also consider fee coal exchanges under section 206 of the Federal Land Policy and Management Act of 1976 on a case-by-case basis in response to proposals from private fee coal owners. There are some instances where BLM field officials may also identify coal land areas during land use planning as having fee coal exchange potential. The environmental impacts of proposed exchanges are studied before any exchange is completed. All section 206 exchanges must be of equal value and in the public interest.

Public Law 95-554, enacted in October 1978, authorizes the Secretary to issue coal leases on other lands in Wyoming in exchange for the relinquishment of all or portions of nine coal leases crossed by Interstate Highway I-90. The nine leases affected by the I-90 exchange are held by six lessees. One exchange was completed in FY 1982 and a second in FY 1983. In FY 1985 one additional exchange was completed and two other proposed exchanges were rejected as not being in the public interest. Both of the rejections have been appealed to the Interior Board of Land Appeals, which had not ruled on the appeals by the end of the fiscal year. The sixth lessee for whom an exchange was authorized has not yet submitted an exchange request.

In addition to the statutory exchanges mentioned above, the Department also continued work on the following coal exchanges under section 206 of FLPMA:

- Teton Valley Ranch fee coal exchange. Under this exchange, the United States would acquire approximately 354 acres in the National Elk Refuge in Wyoming for coal interests of equal value in the Wyoming portion of the Green River-Hams Fork region. The transaction is scheduled for completion in the spring of 1986.



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- o McKinley County fee coal exchange. The United States would acquire about 6,280 acres of coal in New Mexico to consolidate a logical mining unit in this exchange. It would also acquire mineral rights underlying about 4,893 acres in the Chaco Cultural National Historic Park. The Cerillos Land Company, a subsidiary of Santa Fe Railroad, would acquire some 4,830 acres of Federal coal to consolidate its holdings in the Lee Ranch area of McKinley County. A decision on this exchange is expected in September 1986.

- o Whitney Benefits Alluvial Valley Floor fee coal exchange. This application was filed under the authority of Section 510(b)(5) of the Surface Mining Control and Reclamation Act of 1977. The private coal, consisting of two tracts containing approximately 1,326 total acres, is located in the Tongue River Valley about 10 miles north of Sheridan, Wyoming. The applicant would receive equal value Federal coal in Wyoming in exchange for its coal. The exchange is currently in litigation.

Lease Operations

The Bureau of Land Management (BLM) is responsible for ensuring that coal exploration and mining operations (which includes all activities that occur after issuance of a lease, license, or permit) are conducted in accordance with the Mineral Lands Leasing Act of 1920, as amended, Mineral Leasing Act for Acquired Lands of 1947, related statutes and the implementing regulations in Title 43 of the Code of Federal Regulations (CFR) Part 3480, and various Indian leasing laws implemented in Title 25 of the CFR. Coal program requirements of the mineral leasing laws, including resource recovery and diligence, were significantly revised by the Federal Coal Leasing Amendments Act of 1976 (FCLAA). Regulations published in 1979 and 1982 further clarified BLM's responsibilities for coal operations. Accordingly, the coal operations program is mandated entirely by law and regulation. These requirements provide for oversight of multi-million dollar mining operations that generated $104.6 million in royalties in FY 85 directly resulting from accurate BLM verification of production in the coal program. The BLM is also responsible for coal operations on Indian tribal and allotted lands. In addition, BLM's mandate requires oversight of intermingled Federal, Indian, and private coal ownership in the same operation. As the centerpiece of BLM's coal responsibilities a significant effort in the coal operations program was expanded in FY 1985 on the inspection and enforcement/production verification component of the program. Section 303 of the Federal Oil and Gas Royalty Management Act of 1982 directed the Secretary to study the adequacy of royalty management for coal, uranium, and other energy and nonenergy minerals on Federal and Indian lands. The Report to the Congress prepared pursuant to Section 303 identified local and regional variation in inspection and enforcement/production verification procedures, as well as in enforcement of those procedures. Also, the Report addressed the two BLM solid minerals automated data processing (ADP) systems and identified the need for training.

During FY 1985 a significant review and analysis of the solid mineral inspection and enforcement/production verification procedures was completed, training courses were developed and conducted, and the two BLM solids ADP systems were merged.



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In addition, the BLM solid mineral operations program includes responsibility for lease term readjustments, exploration and resource recovery and protection plan review/approval, diligence and continued operation compliance monitoring and lessee qualification review, logical mining unit approval, bonding, suspensions, and other actions occurring after issuance of a lease, license, or permit.

Inspection and Enforcement

The Inspection and Enforcement section of the Inspection and Enforcement/Production Verification Policy Guidelines outline: (1) recommended minimum certification requirements for inspecting coal mines; (2) requirements for mine-specific inspection and enforcement plans to be submitted by the Field offices; (3) minimum inspection requirements; (4) Inspection and Enforcement recordation requirements; and 5) the establishment of Solid Minerals Assistance Teams to ensure consistent application of the guidelines. The BLM Field Offices monitor all solid minerals operations for compliance with established requirements which include laws, regulations, orders and notices, lease terms and conditions, special stipulations and approved mine or exploration plan requirements.

The BLM's policy and guidelines will ensure: (1) accurate production reporting, resource recovery, and application of royalty rates; (2) proper oversight of exploration and mining operations; (3) compliance with established requirements; (4) proper protection of the environment; (5) maximum economic recovery; and (6) proper abandonment of operations.

Production Verification

A goal of the Department's lease management and royalty management program is to ensure the correct assessment and receipt of royalties due on the severance of Federal coal reserves. The BLM is solely responsible for verification of reported coal production.

Production verification involves onsite inspection of ongoing operations, independent calculation of production in the BLM Field Offices and reconciliation with the production and royalty reports sent by the lessee to the Minerals Management Service (MMS), Royalty Management. Discrepancies are reconciled in accordance with the irregularity/exception reporting procedures outlined in the BLM/MMS Memorandum of Understanding.

Production verification is a high priority for BLM and the significance will increase even further as Federal coal royalty revenues increase, due to lease readjustments, from a cents-per-ton to an ad valorem basis. The production verification responsibility ensures proper assessment of royalty.

Lease Term Readjustment

Under the original MLLA, coal leases were issued for indeterminate periods subject to readjustment at the end of every 20-year period. At the first readjustment after FCLAA, the leases are readjusted to conform to FCLAA requirements. Upon readjustment, the leases are subject to FCLAA diligent development and continued operation and the payment of a royalty rate of



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12 1/2 percent for surface-mined coal. By regulation the readjusted rate for underground coal is 8 percent. The BLM is readjusting all Federal coal leases in compliance with these requirements. The terms and conditions of 28 such leases were readjusted during FY 85. With the significant increase in readjustments, the royalty impact of this high-priority BLM activity will dramatically increase.

Exploration Plans

The BLM receives and approves all exploration plans for unleased and leased Federal coal. Exploration plans must be consistent with the terms of the license or lease. The lessee must also satisfy the requirements contained in the regulations (43 CFR 3482.1(a)) and certain reclamation provisions. Exploration plans may be modified as exploration proceeds. During FY 85, 143 exploration plans (includes major modification) were processed by BLM. These exploration operations were monitored for compliance with the terms and conditions of the license or lease, the exploration plan approval stipulations, and the requirements to the statutes and their implementing regulations.

Resource Recovery and Protection Plans

The FCLAA established the requirements that lessees submit a resource recovery and protection plan (R2P2) within 3 years of the time the lease becomes subject to FCLAA. Prior to the commencement of mining operations, the R2P2 may be revised as part of the submission of the permit application package to OSMRE or the State Regulatory Authority (SRA).

The BLM receives all R2P2's for mining operations for Federal coal and recommends a Department position regarding R2P2 approval. Prior to commencement of any mining operation on Federal coal, an R2P2, among other requirements, must be approved. The R2P2 must address the MLLA requirements contained in the regulations (43 CFR 3482.1(c)), must be consistent with the lease terms, and may be modified as mining proceeds. The reclamation aspects of Federal coal mining are the responsibility of OSMRE (or the SRA if there is an approved State program and cooperative agreement). During FY 85, 131 R2P2's were processed.

Diligence

Section 7 of MLLA requires that all leases subject to FCLAA achieve diligent development and, once met, maintain continued operation or pay advance royalty in lieu thereof. Diligent development and continued operation are defined by regulation to be the production of commercial quantities within time frames established in the regulations. Diligent development requires production of 1 percent of the recoverable coal reserves by the end of the 10th year after the lease becomes subject to FCLAA and continued operation requires a continuing obligation to produce 1 percent of the recoverable reserves annually. The BLM determines the recoverable coal reserves figure upon which this 1 percent amount is set. Leases not yet subject to FCLAA or the diligence provisions of 43 CFR 3483 are governed by a lease-specific term regarding minimum production/minimum royalty requirements. Enforcement of FCLAA diligence requirements is an integral part of the operations



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activities. At the end of FY 85, 276 of 618 Federal coal leases were subject to FCLAA requirements, and BLM operations personnel monitored FCLAA compliance for those leases. The final Section 7 Diligence Guidelines were transmitted to BLM Field Offices on December 19, 1985, for implementation.

Logical Mining Units

Section 2(d) of MLLA authorizes the establishment of logical mining units (LMU's). An LMU is a diligence mechanism which allows production crediting across Federal (non-Indian) coal lease boundaries for the purpose of meeting FCLAA diligence requirements.

The formation of an LMU is a discretionary action made at the request of a lessee, based on lease-specific production and economic factors. By regulation and statute, an LMU is an area of land in which the coal can be developed in an efficient, economic and orderly manner as a unit. An LMU may consist of one or more Federal leases and may include non-Federal lands; however all lands must be under the control of a single operator, be developed and operated as a single operation, be contiguous, and not exceed a total of 25,000 acres. The final LMU Application and Processing Guidelines were transmitted to BLM Field Offices on September 5, 1985, for implementation.

The BLM receives and approves all LMU applications. With the 1982 regulatory change, lessees are carefully weighing the advantages and disadvantages of having their Federal coal leases be included in an LMU. Advantages include provisions to allow production occurring from anywhere within the LMU to be credited toward the diligent development or continued operation requirements of any Federal coal lease within the LMU. Additionally, inclusion of a nonproducing lease, which might subject a lessee to the Section 2(a)(2)(A) prohibition, in an LMU will allow the lessee to continue participating in the MLLA leasing program. One potential disadvantage of having a lease included in an LMU is the 40-year mine-out requirement of MLLA for LMU's. During FY 85, 1 LMU was approved and 9 applications for LMU's were pending.

B. MINERALS MANAGEMENT SERVICE

The MMS responsibilities in the Federal coal program focus upon the collection of royalties, rents and bonuses from Federal coal lessees.

Federal Coal Royalties Collection

The MMS is responsible for collecting the royalty payments for Federal coal leases. During FY 1985, 162.2 million tons of Federal coal were produced and 104.6 million dollars of Federal royalties were collected on coal production valued at slightly over 2.3 billion dollars (see Tables 3 and 4). This represents a 56 percent increase in production and an 81 percent increase in royalty payments from FY 1984.



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TABLE 3

PRODUCING LEASES, PRODUCTION, PRODUCTION VALUE AND ROYALTY PAYMENTS
BY STATE: FY 1985

| State | Producing Leases | | Production in FY 1985 | Production Value | Royalty Value |
|---|---|---|---|---|---|
| | Number | Acreage | (Thousand Tons) | (Thousand Dollars) | (Thousand Dollars) |
| Total | 127 | 220,068 | 162,189 | 2,374,138 | 104,597 |
| Alabama | — | — | — | — | — |
| Colorado | 34 | 34,700 | 10,380 | 246,007 | 17,332 |
| Montana | 11 | 27,943 | 24,031 | 335,973 | 14,625 |
| New Mexico | 5 | 11,830 | 5,145 | 130,945 | 23,885 |
| North Dakota | 7 | 9,742 | 6,271 | 63,618 | 6,344 |
| Oklahoma | 1 | 3,470 | 29 | 409 | 33 |
| Utah | 35 | 47,798 | 11,438 | 260,422 | 14,317 |
| Virginia | 1 | 251 | 32 | 1,131 | 90 |
| Washington | 1 | 241 | 326 | 6,510 | 80 |
| Wyoming | 32 | 84,093 | 104,537 | 1,329,123 | 27,891 |

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NOTE: The statistics represent production and royalty reported during FY 1985 and adjustments made during FY 1985 for prior periods. The FY 1985 royalty management statistics may not represent actual production achieved in FY 1985 or the royalty accrued on that production due to adjustments for previous years. Estimated in part.

SOURCE: U.S. Department of the Interior, Minerals Management Service, Royalty Management Office.



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TABLE 4

PRODUCING LEASES, PRODUCTION, PRODUCTION VALUE AND ROYALTY PAYMENTS
BY REGION: FY 1985

| Region | Producing Leases | | Production in FY 1985 | Production Value | Royalty Value |
|---|---|---|---|---|---|
| | Number | Acreage | (Thousand Tons) | (Thousand Dollars) | (Thousand Dollars) |
| Total | 127 | 220,068 | 162,189 | 2,374,138 | 104,597 |
| So. Appalachian | -- | -- | -- | -- | -- |
| Fort Union | 8 | 10,542 | 6,462 | 66,386 | 6,690 |
| Green River-Hams Fork | 30 | 45,415 | 16,824 | 370,870 | 19,147 |
| Powder River | 28 | 78,214 | 118,670 | 1,464,945 | 36,105 |
| San Juan River | 5 | 11,830 | 5,145 | 130,945 | 23,885 |
| Uinta-SW Utah | 52 | 69,143 | 14,699 | 332,898 | 18,564 |
| Other | 4 | 4,924 | 389 | 8,094 | 206 |

NOTE: The statistics represent production and royalty reported during FY 1985 and adjustments made during FY 1985 for prior periods. The FY 1985 royalty management statistics may not represent actual production achieved in FY 1985 or the royalty accrued on that production due to adjustments for previous years. Estimated in part. Data in this table is used in Figure 1, page 4.

SOURCE: U.S. Department of the Interior, Minerals Management Service, Royalty Management Office.



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On public domain lands, with the exception of Alaska, 50 percent of the royalties is returned to the state treasuries, 40 percent is placed in the Federal Reclamation Fund that was established by the Reclamation Act of 1902, and 10 percent remains in the U.S. Treasury's miscellaneous receipts. Ninety percent of the royalties from Federal coal leases in Alaska are returned to the Alaska State Treasury.

The Federal royalties amounted to an average of 4.4 percent of the production value of the coal in FY 1985. The difference between this average percentage and the current statutory minimum royalty requirement of 12.5 percent for surface-mined coal and the current regulatory minimum royalty rate of 8 percent on underground-mined coal on new and readjusted leases results from production taking place on leases issued before the conversion from a fixed cents-per-ton royalty to a percent ad valorem royalty provision. The fixed cents-per-ton royalty lease-term provisions, which were frequently set at between 15.0 and 22.5 cents per ton, can only be changed at the time of readjustment of these lease terms.

## C. GEOLOGICAL SURVEY

The major coal-related activities of the GS during FY 1985 were those of the Coal Investigations Program, National Coal Resources Data System (NCRDS), the Evolution of Sedimentary Basins Program and the Coal Hydrology Program.

The Coal Investigations Program consists of mapping, establishment of local and regional coal-bed stratigraphic and correlation networks, and coal-resource and coal-quality assessments done on regional as well as detailed local levels. Data derived from these assessments and related studies are entered into the NCRDS, a computer-based resource data system, and the stored data are available to support the Federal coal program. The Evolution of Sedimentary Basins Program is designed to provide basic research for an integrated approach to the prediction and assessment of energy resources in all major sedimentary basins including those containing Federal coal deposits. The Coal Hydrology Program consists of hydrologic data collection, areal studies, and research activities associated with the availability of water to support increased coal development and the impacts of such development on the hydrology. A description of these FY 1985 activities is presented in this section.

### Coal Investigations Program

Regional Coal Resource and Coal Quality Assessment Activities - Regional coal-resource and coal-quality assessment activities provide critical information on the quality, quantity, and accessibility of coal available for development and include baseline geologic information needed to reduce adverse environmental effects resulting from coal utilization. Coal quantity and quality assessments show the distribution and continuity of the coal resources as well as the variations in heating value, impurities, moisture, ash content, and trace element concentrations. Data derived from these studies are compiled into regional maps for areas of priority interest for Federal coal lease sales and scientific information needs.



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In FY 1985, regional geologic studies and coal resource assessments were underway in all major coal basins west of the 100th Meridian and in the Appalachian and Gulf Coast Provinces. In addition, two State geologic agencies were supported by the GS for the appraisal of their coal deposits. In support of the Federal coal program, emphasis in FY 1985 was placed on completion of coal-geology, engineering, and hazards studies for 10 regional maps of priority areas in the western Federal coal regions. Coal quality studies included lignite in Louisiana, Missouri, and North Dakota; subbituminous coal in Wyoming, New Mexico, Colorado, and Montana; and bituminous coal in Colorado and Utah.

Topical Reports - Numerous topical reports and maps on research activities that are supportive of the work of the coal program have been prepared and published by the GS. During FY 1984, 70 reports on topical investigations supportive of the program were prepared.

Symposium on Coal Quality. A national-level symposium on coal quality was held at the GS, Reston, Virginia, on April 9-11, 1985. This symposium recommended a national agenda for research on coal quality and related activities. A report on the proceedings of this symposium has been prepared.

National Coal Resources Data System - The principal activity for NCRDS during FY 1985 was the transfer of all operations from an older mainframe computer to the dedicated super minicomputers acquired in FY 1984 that provide ready access to NCRDS at minimum cost. More than 90 percent of the 1.5 million data records were converted to the new system. In addition, new data entry of approximately 50,000 stratigraphic records and 250 chemical analysis records was accomplished. The largest contribution came from cooperative programs with 20 State geologic agencies. Several State agencies completed coal resource assessment studies for selected areas through remote access to the NCRDS data base and software.

An assessment of coal resources on Federal lands in the San Juan basin of New Mexico was completed utilizing the NCRDS data and capabilities on the minicomputers. This assessment, part of the first state-wide study, utilized all of the NCRDS software, including the statistical reliability techniques and the newly acquired stratigraphic framework analysis and graphic display capability.

Evolution of Sedimentary Basins Program

The Evolution of Sedimentary Basins Program was implemented during FY 1985 in six major basins -- Central Appalachian, Anadarko, Powder River, Uinta/Piceance, San Juan and North Slope of Alaska. Physical stratigraphic, biostratigraphic, sedimentologic, and paleoecological studies will provide an analysis of the geological history of the basin including the formation and preservation of coal-bearing sedimentary deposits. This program is expected to provide important regional information which will improve energy resource assessments on Federal lands in the future.



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Coal Hydrology Program

Water Resource Activities - In FY 1985, the GS collected hydrologic data at about 100 continuous recording sites and 350 synoptic measurement sites in coal areas nationwide. Water data collected by the GS and other Federal, State, and local agencies were indexed by the National Water Data Exchange (NAWDEX) managed by the GS Water Resource Division. Earlier indexed data have been used to produce a five volume "Index to Water Data Activities in Coal Provinces of the United States." These printed indexes are available free and contain information about surface-water quantity and quality, ground water quality, and areal investigations and other data-collection activities. A bibliography of reports resulting from the cooperative GS-BLM technical investigations program is also available free on request to NAWDEX or BLM. The GS completed a special series of reports describing the hydrology of the principal coal areas of the Nation. The series is comprised of 57 reports that present information on ground water, surface water, and water quality in the areas convered. Information about availability of the reports may be obtained from NAWDEX.

D. OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

The primary objective of the OSMRE is to protect society and the environment from the adverse effects of surface coal mining operations and to do so under conditions of expanded coal production consistent with the Nation's need for energy. The OSMRE's principal roles relative to Federal lands are to: (1) define policy and promulgate rules establishing performance standards and program administration processes; (2) review and process permit applications and mining plans, including such activities as are necessary for NEPA compliance, and recommend action on mining plans to the Secretary; (3) in States with approved State regulatory programs under Section 503 of Surface Mining Control and Reclamation Act of 1977 (SMCRA), negotiate Federal/State cooperative agreements for State regulation on Federal lands pursuant to Section 523(c) of the SMCRA; (4) in the absence of the Federal/State cooperative agreement, carry out the permitting, inspection and enforcement, and other functions of the regulatory authority as set forth in SMCRA; (5) provide oversight of State administration of the regulatory requirements under the terms of an approved Federal/State cooperative agreement; and (6) administer a program to designate Federal lands unsuitable for surface coal mining under the petition process specified in Sections 522(a) and (c) of the SMCRA.

SMCRA Implementation

The environmental protection provisions of the SMCRA have been enacted in two phases in accordance with Sections 501 and 502, which required an initial program and a permanent program. The initial program has been in effect since December 13, 1977, when the Secretary promulgated interim program rules (30 CFR Parts 710-725 and 795). The permanent program becomes effective in each State upon Secretarial approval of a State program or implementation of a Federal program for the State. Where a State program is approved, or conditionally approved by the Secretary of the Interior, the State rather than



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the Federal Government becomes the primary regulator of activities on non-Federal lands subject to the SMCRA. By the end of FY 1985, fourteen States had received full program approval and ten States had received conditional program approval with only minor changes required to correct minor deficiences identified by the Secretary. In addition, Federal programs have been promulgated for Georgia, Idaho, Massachusetts, Michigan, North Carolina, Oregon, Rhode Island, South Dakota, Tennessee, and Washington. Of these, only the States of Tennessee and Washington have active coal mining at this time. The other States have coal reserves, but chose not to develop a State program and request an approval of their State program.

Petitions to Designate Areas Unsuitable for Surface Coal Mining

The Red Rim petition was submitted by the National Wildlife Federation and the Wyoming Wildlife Federation on May 10, 1982, and was amended to include Federal lands on September 27, 1982. The 19,452-acre petition area is located in South-Central Wyoming and is comprised of both Federal (9,729 acres) and private (9,723 acres) land in a checkerboard land ownership pattern. The petition area contains no leased Federal coal, but the area approximately coincides with the proposed Red Rim Federal coal lease tract. The petition alleges that mining would adversely affect fragile land that is valuable habitat for pronghorn antelope, and the reclamation of the land is not technologically and economically feasible. OSMRE issued a final combined petition evaluation document/EIS in November, 1985.

Federal/State Cooperative Agreements

By the end of FY 1985, the Secretary had entered into permanent program cooperative agreements with the States of Alabama, Colorado, Montana, New Mexico, North Dakota, Ohio, West Virginia, and Wyoming to manage mining on Federal lands in accordance with OSMRE requirements. The State of Utah has submitted a proposal which is under review by OSMRE.

Permit Application/Mining Plan Review

By late FY 1982 most of the States having Federal lands had received approval for their State programs, triggering the applicability of the Federal lands regulations. As a result, OSMRE received a large number of permit application packages for first-time permits to mine on Federal lands. At the beginning of FY 1985, OSMRE had 69 permit applications pending review. During the year, 47 more were received and 51 permit applications were approved.

E. FISH AND WILDLIFE SERVICE

An objective of the Fish and Wildlife Service (FWS) is to ensure that nationally important fish and wildlife resources receive adequate consideration in the development of the Nation's coal resources. Emphasis is placed on data gathering and analysis to identify potential areas of conflict and on assistance in developing alternatives that avoid or minimize losses or that provide opportunities for enhancement.



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Most of the FWS activity in the Federal Coal Program consists of providing technical assistance to the Bureau of Land Management (BLM) during the planning phase of Federal coal leases and the Office of Surface Mining (OSM) during mining and reclamation operations, as well as during the restoration of abandoned mine lands (AML).

The FWS conducts operational as well as research and development efforts on fish and wildlife impacted by coal development. Operational activities are implemented by its Ecological Services offices located in the regions. Data support is provided by the Office of Migratory Bird Management and the National Wetlands Inventory.

Research and development activities are conducted by various Divisions of the FWS (i.e., Division of Biological Services, Wildlife Research, Cooperative Research Units). Research and development support is furnished by the Western Energy and Land Use Team in Fort Collins, Colorado, and other elements of the FWS Research program.

Operations

Activity by the FWS at the field level in the coal program is concentrated in three Regions: Region 2, Albuquerque, New Mexico; Region 4, Atlanta, Georgia; and Region 6, Denver, Colorado.

Region 2 commented on New Mexico's proposed changes to its State regulatory program, reviewed 5 Federal mine plans, 21 state mine plans, and 26 AML projects. Ten informal Section 7 consultations for threatened and endangered species were conducted. Field-level technical assistance was provided routinely to regulatory authorities and the coal industry on recommended fish and wildlife studies, Best Technology Currently Available (BTCA) practices for fish and wildlife protection, and regulatory compliance procedures. In addition, Region 2 assisted BLM in the policy review of unsuitability criteria.

Region 4 assisted in the review of OSM and BLM coal program policies. Technical assistance was provided to the BLM on: (1) wetland delineation; (2) an inventory method for locating the endangered red-cockaded woodpecker; and (3) background information on the flattened musk turtle that occurs within the northern Alabama Federal coal area. The Division of Wildlife Research conducted a study, using funds provided by OSM, on the flattened musk turtle located within the Black Warrior River drainage basin.

Region 6 assisted in the review of BLM coal program policies. Field offices worked with surface coal mine companies on resolving conflicts with raptor nests and mining or reclamation. The companies have been cooperative in supporting case studies that are testing different solutions. Cooperative efforts have been underway with the state of North Dakota and industry to develop performance standards for reclamation of wetlands and woody draws.

With the BLM updating Resource Management Plans (RMP's) on Public Lands and the Forest Service (FS) updating Forest Management Plans on National Forests, FWS field offices have been providing up-to-date resource information and recommendations. Region 6 personnel provided assistance and technical reviews on fish and wildlife aspects of PRLAs.



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Inventory Data Collection

Region 2 continued to inventory habitat use of proposed lease areas for species of high Federal interest. Currently, raptor nests (prairie falcons, golden eagles, and ferruginous hawks) are being monitored for nesting activities and success in the San Juan-Chaco coal area. A third inventory effort initiated during FY 1984 on the Rio Puerco Resource Area was continued in FY 1985.

The region continued to coordinate National Wetland Inventory activities with the BLM and other Federal agencies. Wetland inventory efforts were initiated for the San Augustine Coal Area (west-central New Mexico) and the San Juan-Chaco Coal area (northwestern New Mexico in FY 1984). These efforts were completed in FY 85.

Region 4 continues to manage a cooperative agreement with the Kentucky Department of Fish and Wildlife Resources to implement a computerized faunal data base using funds provided by BLM. The data base is expected to be available for limited use in FY 1986.

Region 6 continued the development of wildlife data bases in cooperation with the States of North Dakota, Colorado, and Utah. FWS raptor specialists continue to assist the National Park Service, BLM, and Forest Service on raptor inventories.

F. DEPARTMENT OF AGRICULTURE - FOREST SERVICE

The USDA, through the FS, has land management planning responsibilities for lands under its jurisdiction. In addition, the Secretary of Agriculture may recommend stipulations to be included in a lease, must consent to the lease terms before a lease can be issued, and must consent to the approval of mining and reclamation plans for Federal coal leases on the National Forest System lands.

The FS effort in FY 1985 included conducting land and resource management planning, and responding to lease modifications, lease readjustment, and mining permit applications.

Land and Resource Management Planning - Forest Plans for the San Juan, Medicine Bow, Manti-LaSal, Grand Mesa, Uncompahgre, and Gunnison National Forest in Colorado, and the Fish Lake and Dixie National Forests in Utah are either completed or the public comment period has ended.



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The Forest Plans include a report on the application of the 43 CFR 3461 Unsuitability Criteria. A draft Forest Plan and unsuitability review for the White River National Forest in Colorado will be available in FY 1986.

Lease by Application - Lease applications responded to by the FS include:

| Location | Name | Status |
|---|---|---|
| San Juan NF, Colorado | Perma Mining Co. | Completed |

Exploration Licenses - The FS responded to 3 licenses in Utah.

Readjustments - The FS responded to 3 lease readjustments in Utah and 1 in Wyoming.

Mining Permit/Mining Plan Review - The FS responded to mining proposals involving National Forest System lands as follows:

| Location | Number | Status |
|---|---|---|
| Thunder Basin National Grassland, Wyoming | 2 | Pending |
| Jefferson NF, Virginia | 1 | Completed response to BLM |
| Manti-LaSal NF, Utah | 4 | Completed response to BLM |
| Manti-LaSal NF, Utah | 3 | Pending |

G. DEPARTMENT OF JUSTICE

Under section 15 of the FCLAA, the Secretary of the Interior must refer to the Attorney General each issuance, renewal, or readjustment of a Federal coal lease. The Attorney General has 30 days within which to advise the Secretary "as to whether such lease would create or maintain a situation inconsistent with the antitrust laws." Under section 9B of the FCLAA, the Attorney General is required to conduct an annual study of "competition in the coal and energy industries," and to report the results of that study to the Secretary of the Interior and the Congress. Section 15 of the FCLAA also requires the Department to consult the Department of Justice (DOJ) "at each stage in the formulation and promulgation of rules and regulations concerning coal leasing." The DOJ also represents the Department in all litigation involving Federal coal.



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# IV LITIGATION

## A. BLM LITIGATION

### 1. Powder River Sale

Two lawsuits challenged the 1982 regional coal lease sale for the Powder River Region. The cases were originally filed in the U.S. District Court for the District of Columbia, where a motion for a restraining order against the lease sale was denied. On the government's motion, the cases were consolidated and transferred to the federal court in Montana. The court heard arguments in December 1982 on cross motions for summary judgment and motions to dismiss specific allegations. The Montana court has now separated the cases for decision.

In Northern Cheyenne Tribe v. Watt, Civil No. 82-116 (D. Mont.), the Tribe asserted that the EIS prepared for the sale was deficient because of its alleged failure to discuss adequately the effects of the proposed regional leasing on the plaintiff's reservation. On May 28, 1985, the court ruled in favor of the Tribe and declared void the leases issued as a result of the sale. The Department of the Interior has petitioned the court for reconsideration of its order to cancel the leases. The lessees have petitioned the court to intervene and for reconsideration.

In National Wildlife Federation v. Burford, Civil No. 82-117 (D. Mont.) the plaintiff groups challenged the presale procedures and the sale itself. The plaintiffs alleged that the Department failed to receive fair market value for the lease tracts sold, that the land use plans underlying the sale acreage were formulated in violation of statutory planning standards, that the Secretary's rules (and resulting plans) on the treatment of reclaimability in the Federal lands review under section 522(b) of the Surface Mining Control and Reclamation Act (SMCRA) are legally deficient, that certain changes in the treatment of surface owner consents were illegal, and that certain tracts were not delineated properly. The State of Wyoming and several lessees have intervened as defendants. On September 3, 1985, the court ruled in favor of the Department on the tract delineation and surface owner consent issues, dismissed the allegations concerning reclaimability, and postponed ruling on the land use planning and fair market value issues until completion of supplementation of the record and further argument by the parties.

### 2. Coal Leasing Rules

In Natural Resources Defense Council v. Burford, Civil No. 82-2763 (D.D.C), eight groups have joined to challenge the July 1982 revisions to the July 1979 coal program rules. The suit seeks: (1) to enjoin implementation of the revised coal regulations; (2) to declare the revised regulations improperly issued; and (3) to enjoin any future coal lease sales until the reclaimability



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standard of section 522(a)(2) of the SMCRA is applied to the lease tracts prior to a sale. In support of their lawsuit, the plaintiffs allege that the Department, in amending the rules, violated NEPA and various provisions of the FCLAA, FLPMA, and SMCRA. The parties have filed and fully briefed cross motions for summary judgment. The court had not issued its decision by the end of the fiscal year.

3. Lease Readjustment

Eight cases involve the Department's coal lease readjustment procedures. Seven cases involve the timeliness of readjustment and imposition of the 12 1/2% royalty rate required under FCLAA for surface mined coal. FMC Corp. v. Hodel, 10th Cir. No. 84-2175, on cross-appeals from FMC Wyoming Corp. v. Watt, 587 F. Supp. 1545 (D. Wyo. 1984); Coastal States Energy Corp. v. Watt, No. 83-0730 (D. Utah); Gulf Oil Corp. v. Hodel, No. 84-0157 (D.N.M.); Lone Star Steel Corp v. Hodel, No. 84-583 (D.N.M.); Ark Land Company v. Hodel, No. 85-0313 (D. Wyo.); Sunoco Energy Development Co. v. Hodel, No. 85-0010 (D. Utah); and Coastal States Energy Co. v. Hodel, No. 85-665 (D. Utah). In addition, the discretionary royalty rate for underground coal, which the Department has set by regulation at 8%, is challenged in both Coastal cases and may also be raised by the plaintiffs in the Sunoco and Ark Land cases. The eighth case involves the effect of a lease modification on the readjustment date. AMCA Coal Leasing v. Hodel, No. 85-730 (D. Utah).

The leases, in the cases involving the timeliness and terms of the readjustment, were all issued subject to the requirement that the Secretary readjust the terms and conditions of the leases, including royalty provisions, at the end of every 20 years, 30 U.S.C. section 207 (1970). BLM notified each of the lessees of its intent to readjust lessees prior to the 20-year anniversary date, although for some the terms and conditions were sent shortly thereafter. The lessees filed objections and took administrative appeals to the Interior Board of Land Appeals (IBLA). The new terms and conditions were affirmed by IBLA and these judicial appeals followed.

Plaintiff in the FMC case asserted that by failing to dispose of plaintiff's administrative appeals prior to the 20-year anniversary date, the Department waived the Secretary's power to readjust the leases, citing Rosebud Coal Sales Co. v. Andrus, 667 F.2d 949 (10th Cir. 1982). The District Court ruled that notice of readjustment is sufficient to preserve the Secretary's right of readjustment under Rosebud. However, the court went on to hold that the royalty rate must be established on a case-by-case basis and the statutory minimum of 12 1/2 percent established by the Congress for coal mined by surface methods in the Federal Coal Leasing Amendments Act of 1976 (FCLAA) is



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not mandated by law upon lease readjustment. The Department has appealed from the latter holding and FMC appealed by court's ruling that the notice was adequate. The 10th Circuit asked the parties to brief the issue of whether the District Court ruling was a final order subject to appeal. Both the Department and FMC Corp. have filed briefs asserting that the order of the District Court was final. A ruling is awaited.

In Coastal States (83-0730) and Gulf Oil, the courts respectively responded to motions for summary judgment by holding that notification was timely and that imposition of the statutorily mandated minimum royalty for surface mined coal was proper and reasonable. Both courts specifically disagreed with the Wyoming court's holding in FMC on the royalty rate issue. However, neither court has made a final ruling. In Gulf Oil, the court allowed plaintiff additional time to complete its discovery. In Coastal, the court reserved its ruling on the underground royalty rate and ordered the Department to supplement the administrative record on this issue. 1/

In Lone Star, the Court summarily denied summary judgment and the case will proceed to trial. In Coastal (85-665), Sunoco and Ark Land, answers have been filed and the cases are in early stages.

In AMCA Coal Leasing, the challenge to the readjustment is different. Plaintiff asserts that a 1981 modification to its lease--the addition of acreage under section 3 of the Leasing Act, 30 U.S.C. section 203--created a new lease for which the readjustment anniversary date should be 2001. The readjustment based on the lease issuance date was upheld by the IBLA and AMCA sought judicial review. An answer has been filed, and the case is in early stages.

4. Fort Union Sale

The FY 1983 Federal Coal Management Report discussed the litigation against the Department of the Interior as a result of the September 1983 lease sale in the Fort Union Region. In January 1984, the District Court issued a permanent injunction against the Secretary's issuing any of the leases proposed for that sale and against issuing leases for any tract delineated in Round I activity planning in the region. The injunction had several ways it could terminate--if the House Interior Committee revoked its emergency withdrawal resolution, if the Department changed its emergency withdrawal regulations, or if certain other events occurred. Although the Department did not appeal the decision, nothing has occurred to terminate the injunction. Absent any other intervening event, the injunction will expire August 3, 1986, the end of the term of the Resolution pursuant to the three-year maximum that section 204(e) of FLPMA provides.

1/ On January 17, 1986, the District Court ruled (C-83-730J) that the "court finds that the challenged regulations are substantively valid and were promulgated by fair and adequate procedures." Thus, the impostion of the 8 percent royalty for underground mined coal was sustained by the District Court for the District of Utah.



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5. Federal Coal Under Allotted Lands

Several Navajos owning allotted land in New Mexico have filed an action which is part of a class action in Etcitty, et al. v. United States, et al., Civil No. 83-1408C (D. New Mexico, filed August 31, 1983), seeking, inter alia, a declaration of rights for all Navajo Indians who hold beneficial title to any interest in allotted lands in New Mexico held in trust by the United States, where the trust patent states that the United States reserves any coal interest. Plaintiffs primarily claim that the mineral reservations in the patents were made contrary to the Dawes Act authorizing the allotments. A class of plaintiffs who can make this claim has been certified by the court for this issue. They also claim that they are entitled to a supplement patent for lands conveyed with a coal reservation, pursuant to the Act of April 14, 1914, 30 U.S.C. Section 82 (1982), where lands covered by the trust patents were subsequently classified as non-coal in character. Codefendants include holders of PRLAs for the federal coal underlying the allotted surface. The case is still being briefed.

6. Navajo Reservation Litigation

The Navajo Tribe is seeking a determination that approximately 1.8 million acres of land reserved to the Navajo by Executive Orders Nos. 709 (November 9, 1907) and 744 (January 28, 1908), but returned to the public domain by Executive Order Nos. 1000 (December 30, 1908) and 1284 (January 16, 1911), are still part of the present Navajo Reservation. Navajo Tribe of Indians v. State of New Mexico, et al., Civil 82-1148-JB (D. New Mexico). The Tribe also seeks a judgment that the United States breached a fiduciary duty to the Tribe by treating the land as part of the public domain and a judgment that all conveyances by the United States subsequent to Executive Orders 709 and 744 be cancelled. Finally, the Tribe asserts a claim for trespass damages against all present owners of the land.

The government filed a motion to dismiss for lack of jurisdiction and failure to state a claim in January of 1983. The Court ruled in the government's favor in December 1983 and the Tribe has now appealed. Briefs have been filed and the Appellate Court has not yet issued its decision.

7. Applicability of Section 3 of FCLAA to Non-Coal Mineral Leasing

In Conoco and Consolidation Coal Co. v. Hodel, No. 85-277 (D. Del. filed May 10, 1985), plaintiffs challenge the Department's construction of section 3 of the Federal Coal Leasing Amendments Act of 1976 (FCLAA), 30 U.S.C. Section 201(a)(2)(A). The Department interprets the provision as barring lease issuance, on or after August 4, 1986, of any mineral lease under the Mineral



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Leasing Act to an entity who has held a non-producing coal lease for 10 years. Plaintiffs contend that the section 3 leasing prohibition extends only to issuance of coal leases and that section 3 does not restrict the ability of the holder of a non-producing coal lease (or its affiliates) to acquire new non-coal leases such as oil and gas leases. On January 14, 1986, the District Court for the District of Delaware ruled (Civil 85-277) "that Section 2(a)2(A) of the MLLA applies to all Federal mineral leases and not to Federal coal leases only."

8. Lease Cancellation for Default

In Re China Butte Coal Company, No. 84-00736-B (D. Wyo.), is a bankruptcy proceeding in which the debtor-lessee failed to make its third annual deferred bonus and rental payments. Upon such a default, BLM rules make the rest (fourth and fifth installments) of the deferred bonus due and owing. Upon receiving BLM's notice of default, debtor filed for bankruptcy protection. Debtor's reorganization plan seeks a buyer for the federal lease, which the debtor won in Round I, Green River-Hams Fork regional leasing in 1982.

9. Exchanges

Whitney Benefits, Inc. v. Hodel, No. 84-0193 (D. Wyoming) and Whitney Benefits, Inc. v. United States, No. 84-614 (Ct. Cl.) arise from the same set of facts. Plaintiff owns a tract of coal in Wyoming for which it has pursued an exchange under the Surface Mining Control and Reclamation Act (SMCRA). A portion of the tract has been deemed unsuitable for mining due to its location in an alluvial valley floor. In the District Court case plaintiff seeks to compel an exchange. The Court found for plaintiff that BLM had unduly delayed and ordered that the exchange be completed by August 31, 1985. BLM completed its process and determined that the coal had a negative value and declined to proffer Federal coal in exchange.

On December 3, 1985, the District Court for the District of Wyoming ruled (Civil No. 84-0193) that the exchange must be completed. In April 1986, the BLM tendered a tract of Federal coal to the plaintiff in compliance with the Court's order. Plaintiff has indicated it will not accept this coal and the matter is now before the Court. In the Claims Court case, plaintiff seeks compensation for the "taking" that occurred when its land was found to be located in an AVF and under SMCRA was thus rendered unmineable. That case had been stayed pending the outcome of the District Court case, but it is now set for trial in April 1986.



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Two Montana suits challenge the validity of the 1983 "Circle West" exchange of fee coal interests in Montana between BLM and Meridian Land and Mineral Company, a subsidiary of Burlington Northern, Inc., National Coal Association, et al. v. Hodel, Civ. No. 85-115 BLG, (D. Mont.); Northern Plains Resource Council, et al. v. Hodel, Civ. No. 85-150 BLG (D. Mont.). In these suits, plaintiffs allege that such an exchange is not within the contemplation of Section 206 of the Federal Land Policy and Management Act (FLPMA), 43 U.S.C. Section 1716, and is barred by Section 2(c)of the Mineral Leasing Act, 30 U.S.C. Section 202, which regulates issuance of federal coal leases to common-carrier railroads. These arguments were asserted previously in National Coal Association, et al. v. Watt, Civ. No. 83-2985 (D.D.C.), with respect to the "Corral Canyon" exchange between BLM and Rocky Mountain Energy Company, a subsidiary of Union Pacific Corporation, and were rejected by the District of Columbia court on August 28, 1985. The time for appeal of that decision has not yet expired.

The National Coal Association, in its Montana suit, also argues that the Secretary was required by FLPMA to consider the impacts of the proposed exchange on competition in the coal industry. This issue was raised in the Corral Canyon case but the D.C. court made no clear ruling, finding that, although the Secretary might not be obligated to review impacts on competition under the FLPMA "public interest" standard, he had given the issue adequate consideration in his Corral Canyon decision. The Northern Plains Resources Council, in its case, also alleges that in consummating the exchange the Secretary did not comply with NEPA, the planning, public interest, and equal value requirements of FLPMA, and the Administrative Procedure Act. The Circle West exchange had been challenged by the same plaintiffs in the District of Columbia (NCA v. Clark, Civil No. 83-3320; and NPRC v. Clark, Civil No. 83-3330), but on November 14, 1984, the District of Columbia dismissed those cases for lack of jurisdiction over an indispensable party, Meridian Land and Minerals Co.

B. OSMRE FEDERAL LANDS LITIGATION

1. In Re: Permanent Surface Mining Regulation Litigation II, Civil No. 9-1144 (D.D.C.)

Several groups challenged the Secretary's Federal lands regulation at 30 CFR Parts 740-746, promulgated to implement the Surface Mining Control and Reclamation Act (SMCRA). The regulations allow States to assume regulatory authority for surface coal mining and reclamation operations on Federal lands. The Secretary retains his responsibility to approve mining plans on Federal lands, to designate certain Federal lands as unsuitable for mining, and to regulate other activities on Federal lands. A mining plan is defined as the plan required under the Mineral Lands Leasing Act of 1920, as amended (MLLA), to mine leased Federal coal. The plaintiffs argued that these rules illegally delegated the Secretary's responsibilities under MLLA and SMCRA.

On July 6, 1984, the U.S. District Court for the District of Columbia rendered a decision holding that portions of the Secretary's regulations governing Federal lands were inconsistent with the SMCRA and remanded those regulations



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to the Secretary for further action consistent with the Court's decision. Specifically, the Court invalidated the Secretary's regulation, 30 CFR 740.5, which limited the Secretary's duty to approve mining plans under the MLLA. The court also held that the Secretary must exercise his power to review the operation and reclamation plan portions of permit applications under SMCRA to mine on Federal lands.

A notice of appeal has been filed on whether the Secretary has the duty to review the operation and reclamation plan portion of the permit application where a mining plan is submitted for leased Federal coal in cooperative agreement States. The court has issued a briefing schedule for the appeal.

2. Natural Resources Defense Council, Inc., et. al. v. OSMRE, IBLA No. 83-757

On September 27, 1985, the Interior Board of Land Appeals issued a decision affirming in part the Office of Surface Mining Reclamation and Enforcement's (OSMRE) decision to issue permit C00021 to the Atlantic Richfield Company (ARCO) for its Mt. Gunnison No. 1 Mine in Gunnison County, Colorado. The permit was issued in July 1981, for a period of five years pursuant to the Surface Mining Control and Reclamation Act of 1977 (SMCRA), 30 U.S.C. 1201 (1982). The Natural Resources Defense Council, Inc. (NRDC), filed a petition to review the approval of ARCO's permit C00021 in August 1981. After an administrative hearing before an administrative law judge (ALJ), and the filing of post-hearing briefs, the ALJ submitted a decision to the Board on June 24, 1983, in which he concluded that OSMRE had been sufficiently advised in all areas to support its approval of the permit C00021 and recommended that the permit's approval be confirmed by the Board.

Of the approximately eighteen (18) issues raised by NRDC, the Board ruled for OSMRE on fifteen (15). Those issues included OSMRE's determinations regarding, inter alia, "all anticipated mining," ground water basin identification; control watersheds; baseline data for probable cumulative impact (PCI) assessment; development of information for PCI assessment; subsidence; adequacy of the Environmental Impact Statement; various stipulations; and the probable hydrological consequences determination. The three issues upon which the Board ruled for NRDC involved OSMRE's PCI assessment regarding the impacts of mining on groundwater; OSMRE's failure to make its alluvial valley floor determination prior to permit issuance; and OSMRE's failure to require plans for the loadout site sedimentation pond prior to permit issuance.

Accordingly, the Board affirmed OSMRE's permit approval in part, and ordered further briefing on the question of appropriate relief in the case.



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## V. MAJOR ISSUES FOR 1986

The major task faced by the Department was working toward completion of the Federal coal management program review. See CHAPTER II for a discussion of the program review. The final programmatic EIS supplement was released on October 4, 1985. Reaching a decision on the program and developing possible recommendations for legislative changes also await the completion of the program review.

### A. SECTION 3

The BLM published in the Federal Register final guidelines relating to the implementation of Section 2(a)(2)(A) of MLLA (Section 3 of FCLAA) (50 F.R. 35125). The final section 2(a)(2)(A) Guidelines were transmitted to BLM Field Offices on September 5, 1985, for implementation. Section 3 provides that no onshore Federal lease may be issued under MLLA to any entity that holds, and has held for 10 years, a Federal coal lease that is not producing in commerical quantities. The deadline for compliance is December 31, 1986. The BLM will be required to ensure compliance for all subsequent leasing actions. Procedures for certification of lessee compliance with Section 2(a)(2)(A) are being developed in the Coal Operations Program.

In FY 85, six bills (H.R. 1898, H.R. 1934, S. 372, S. 570, S. 913, and S. 946) were introduced in Congress. If enacted they would amend Section 2(a)(2)(A), among other FCLAA provisions. The bills would limit the Section 2(a)(2)(A) lessee-qualification provision to Federal coal leases only, not all MLLA leasable minerals. The bills generally would require lessees wishing to hold Federal coal leases for more than 10 years to pay an escalating holding fee on newly acquired Federal coal leases. The Department has recommended the addition of an optional holding fee that current lessees may elect to pay on existing noncomplying leases. The holding fee would be a provision of all new and readjusted leases. Further the Department also recommended against provisions in two bills that would allow relinquishment of noncomplying Federal coal leases (or reserves) in return for the privilege of receiving new Federal coal leases. Finally, the Department has recommended against the concept of escalating advance royalty payments over years 11 through 20 that two of the six bills would allow.

### B. SECTION 7

Section 7 of the MLLA requires that each Federal coal lease be in production in commercial quantities before the end of the tenth year (diligent development); and annually thereafter (continued operation), or pay advance royalty in lieu of continued operation. Commercial quantities is defined by regulation to be 1 percent of the recoverable coal reserves. Final Section 7 Guidelines were transmitted to the Bureau Field Offices for implementation on December 19, 1985.

Several bills have been introduced in Congress which consider changing the 10-year period and the ability to pay advance royalty (a holding fee) in lieu of diligent development. If enacted, such changes would cause a shift in the diligence requirements enacted in 1976 and codified at 43 CFR 3483.



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C. LOGICAL MINING UNITS

Section 2(d) of MLLA was enacted in 1976 to provide for the formation of Logical Mining Units (LMU's). An LMU is a diligence mechanism which allows production on one lease or fee land to be counted as production from other Federal leases within the LMU. Inclusion of a lease in a producing LMU allows that lease to comply with the Section 2(a)(2)(A) lessee qualification provision without having production from the lease in question. The final guidelines for LMU processing and approval were published in the Federal Register and transmitted to Bureau Field Offices for implementation on September 5, 1985.

Several bills have been introduced in Congress which would alter the current statutory requirement that all lands in an LMU be contiguous. If enacted, such a change would require a slight regulatory change but would facilitate LMU program management.

D. FUGITIVE EMISSIONS

The Environmental Protection Agency (EPA) published a proposed rulemaking in the Federal Register on October 26, 1984, which would amend 40 CFR Parts 51 and 52 by adding surface coal mines to the list of 30 categories of sources of fugitive emissions that are to be included in threshhold applicability determinations under the Clean Air Act (the Act). Under the proposed rulemaking, surface coal mines would be considered new stationary sources or modifications of existing sources, as appropriate, for evaluation of whether they are "major" construction that would be governed by the various regulations under the Act. Whether a source is classified as "major" is dependent upon its potential to emit a pollutant on a tons-per-year basis.

The central question presented by this proposed rulemaking is the potential effect of listing. This includes both the costs to industry and the benefits occurring from Prevention of Significant Determination review. As part of the proposed rulemaking process the EPA is preparing a regulatory impact analysis that includes potential costs and benefits of this proposal. Due to the potential impacts on the Federal coal program, Federal coal lessees, and the coal industry, the Department has been involved in the tracking and reviewing of the EPA proposal.



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APPENDIX A

COAL STATISTICS

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APPENDIX A

COAL STATISTICS

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TABLE A-1
FEDERAL COAL LEASES ISSUED DURING FY 1985

| State | Effective Lease Date | Lessee(s) | Tract Name | Serial Number | Acreage | Recoverable Reserves (Mil.Tons) | Royalty Rate (Percent) | Bonus Bid ($/ Acre) |
|---|---|---|---|---|---|---|---|---|
| Alabama | 05/01/85 | Mitchell & Neely Inc. | Long Creek | ES28564 | 200 | .126 | 12.5 | $100.00 |
| | 08/01/85 | North River Energy Co. | Scottera | ES32949 | 50 | .017 | 12.5 | 100.00 |
| Colorado | 05/01/85 | Getty Minerals | -- | C26914 | 30 | .121 | 12.5 | 250.00 |
| Kentucky | 12/01/84 | River Processing Inc. | -- | ES30967 | 197 | .370 | 8.0 | 894.00 |
| | 07/01/85 | Hot Rocks Coal Co. | -- | ES31464 | 831 | 2.200 | 8.0 | 100.05 |
| Wyoming | 07/01/85 | Pittsburg & Midway Mining Co. | -- | W88913 | 165 | 3.400 | 12.5 & 8.0 | 910.00 |
| Total | | | | | 1,473 | 6.234 | | |

SOURCE: U.S. Department of the Interior, Bureau of Land Management, Division of Solid Mineral Leasing, Solid Leasable Minerals System, September 30, 1985.

TABLE A-2
LEASES SOLD IN ALL REGIONAL SALES 1/
(January 1981 through September 1985)

| REGIONS | DATE OF SALE | NO. OF TRACTS | ACRES | TOTAL RECOVERABLE RESERVES (In Mil. Tons) | TOTAL HIGH BONUS BIDS |
|---|---|---|---|---|---|
| Fort Union | September 1983 | r/ 2 | r/ 6,421 | r/ 82.6 | $ r/ 706,310 |
| Green River/ Hams Fork | January 1981 | 6 | 11,283 | 87.9 | 1,730,277 |
| | April 1981 | 2 | 5,572 | 64.4 | 9,013,430 |
| | October 1981 | 1 | 5,974 | 62.7 | 1,792,227 |
| | April 1982 | 2 | 4,262 | 112.4 | 23,164,125 |
| | Total to Date | 11 | 27,091 | 327.4 | 35,700,060 |
| Powder River | April 1982 | 10 | 16,554 | 1,089.6 | 43,484,434 |
| | October 1982 | 2 | 5,176 | 471.6 | 23,689,632 |
| | Total to Date | 12 | 21,730 | 1,561.2 | 67,179,066 |
| Southern Appalachian | June 1981 | 6 | 5,040 | 24.3 | 180,537 |
| | December 1981 | 4 | 3,629 | 7.3 | 623,605 |
| | September 1982 | 3 | 1,520 | 1.1 | 247,114 |
| | Total to Date | 13 | 10,189 | 32.6 | 1,051,256 |
| Uinta Southwestern Utah | July 1981 | 5 | 10,854 | 79.7 | 14,200,410 |
| | February 1982 | 1 | 160 | 2.3 | 158,400 |
| | May 1982 | 1 | 640 | 7.5 | 5,216,00 |
| | February 1984 | 1 | 4,999 | 36.7 | 9,542,041 |
| | Total to Date | 8 | 16,653 | 126.2 | 29,116,851 |
| TOTAL ALL REGIONS | To Date | r/46 | r/82,084 | r/ 2,130.0 | r/$133,753,543 |

r/ Revised

NOTE: Data may not add to totals shown due to independent rounding.

1/ These sales are the result of coal activity planning in designated Federal coal regions. Does not include emergency or lease by application sales.

SOURCE: U.S. Department of the Interior, Bureau of Land Management, Division of Solid Mineral Leasing, Solid Leasable Minerals System, September 30, 1985.



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TABLE A-3

AVERAGE HIGH BONUS BIDS FROM ALL REGIONAL SALES

| Region | Total Acres Sold | Total High Bonus Bids (In Dollars) | Avg. Bid ($/Acre) | Total Recover. Reserves Sold (In Mil. Tons) | Avg. Bid (Cents/Ton) | Avg. FOB Mine 1/ Per Ton of Coal (In Dollars) | Percent of 2/ Coal Price | Avg. BTU (Per Pound) | Avg. High Bonus Bid (Cents/Mil. BTU 3/ |
|---|---|---|---|---|---|---|---|---|---|
| Fort Union | 6,421 | 706,310 | 110 | 82.6 | .86 | 9.14 | .094 | 6,700 | .064 |
| Green River-Hams Fork | 27,091 | 35,700,060 | 1,318 | 327.4 | 10.90 | 20.00 | .545 | 10,250 | .531 |
| Powder River | 21,730 | 67,179,066 | 3,092 | 1,561.2 | 4.30 | 7.50 | .573 | 8,250 | .261 |
| So. Appalachian | 10,189 | 1,051,256 | 103 | 46.2 | 2.29 | 30.00 | .076 | 12,500 | .092 |
| Uinta-SW Utah | 16,653 | 29,116,851 | 1,748 | 126.2 | 23.01 | 28.00 | .821 | 12,300 | .935 |

1/ Average price of coal sold at the mine

2/ Cents/ton divided by average mine mouth selling price per ton of coal = percent of coal price.

3/ Average BTU/LB. x 2000 = BTU/ton divided by 1,000,000 = cents/ton divided by MM BTU/ton = cents/MM BTU.

SOURCE: U.S. Department of the Interior, Bureau of Land Management, Division of Solid Mineral Leasing, Solid Leasable Minerals System, September 30, 1985, and Coal Week, McGraw-Hill, Inc., Washington, D.C., February 7, 14, 28, and March 7, 1983, Vol. 9 No. 7 through No. 10.



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TABLE A-4
SURFACE ACREAGE AND
RECOVERABLE RESERVES BY STATE:
SEPTEMBER 30, 1985

| State | No. Of Leases | Total Recover. Reserves (In Mil. Tons) | Total Acres | FEDERAL LANDS BLM | FS | Other | State | Private | Native American |
|---|---|---|---|---|---|---|---|---|---|
| TOTAL | 618 | 17,592.9 | 918,900 | 401,951 | 98,549 | 1,426 | 41,015 | 367,964 | 7,988 |
| Alabama | 17 | 39.0 | 13,343 | | | | | 13,343 | |
| Alaska | 2 | W | 3,160 | 3,160 | | | | | |
| California | 1 | W | 80 | 80 | | | | | |
| Colorado | 141 | 2,294.8 | 163,893 | 68,897 | 23,017 | | | 71,968 | |
| Kentucky | 7 | 10.5 | 5,365 | | 5,365 | | | | |
| Montana | 26 | 1,417.4 | 43,973 | 1,267 | 80 | | 2,148 | 40,480 | |
| New Mexico | 30 | 483.6 | 43,803 | 19,222 | 909 | | 7,086 | 8,598 | 7,988 |
| North Dakota | 20 | 235.2 | 16,880 | 40 | | | | 16,840 | |
| Oklahoma | 43 | 193.7 | 73,470 | 890 | | | | 72,582 | |
| Oregon | 3 | W | 5,411 | 538 | 4,874 | | | | |
| Pennsylvania | 2 | W | 80 | | | 80 | | | |
| Utah | 214 | 3,945.6 | 316,235 | 213,163 | 54,704 | 22 | 30,819 | 17,525 | |
| Virginia | 1 | W | 251 | | 251 | | | | |
| Washington | 2 | W | 521 | | | | 241 | 280 | |
| Wyoming | 109 | 8,912.6 | 232,434 | 94,694 | 9,349 | 1,324 | 720 | 126,345 | |

NOTE: Details may not add to total due to rounding and non-inclusion of proprietary reserve data.

SOURCE: U.S. Department of the Interior, Bureau of Land Management, Solid Leasable Minerals System, September 30, 1985.

W - Withheld to protect proprietary data.

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TABLE A-5
SURFACE ACREAGE AND
RECOVERABLE RESERVES BY REGION:
SEPTEMBER 30, 1985

| Region | No. Of Leases | Total Recover. Reserves (In Mil. Tons) | Total Acres | FEDERAL LANDS BLM | FS | Other | State | Private | Native American |
|---|---|---|---|---|---|---|---|---|---|
| TOTAL | 618 | 17,592.9 | 918,900 | 401,951 | 98,549 | 1,426 | 41,015 | 367,964 | 7,988 |
| Fort Union | 23 | 509.9 | 22,776 | 40 | | | | 22,736 | |
| Green River-Hams Fork | 114 | 2,131.0 | 163,538 | 104,401 | 400 | 1,324 | 120 | 57,290 | |
| Powder River | 86 | 9,331.3 | 177,741 | 7,934 | 8,949 | | 2,748 | 158,107 | |
| San Juan River | 29 | 483.9 | 43,943 | 19,222 | 909 | | 7,046 | 8,777 | 7,988 |
| So. Appalachian | 17 | 39.0 | 13,343 | | | | | 13,343 | |
| Uinta-SW Utah | 281 | 4,827.5 | 407,859 | 265,606 | 77,721 | 22 | 30,819 | 33,684 | |
| Other | 68 | 270.4 | 89,701 | 4,748 | 10,570 | 80 | 281 | 74,025 | |

NOTE: Details may not add to totals due to rounding. Data in this table are used in Figures 2 and 3.

SOURCE: U.S. Department of the Interior, Bureau of Land Management, Solid Leasable Minerals System, September 30, 1985.



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TABLE A-6

LARGEST 15 FEDERAL COAL LESSEES RANKED BY ACREAGE: SEPTEMBER 30, 1985

| Lessee | Acreage | Number Of Leases |
|---|---|---|
| Consolidation Coal Co. | 44,647 | 33 |
| Gulf Oil | 41,572 | 37 |
| Peabody Coal Co. | 33,834 | 20 |
| Utah Power & Light | 28,430 | 15 |
| Utah International | 28,398 | 28 |
| Swanton Energy Res. Corp. | 27,659 | 16 |
| U.S. Steel Corp. | 18,747 | 18 |
| Evans Coal Co. | 17,806 | 11 |
| Dorchester Coal Co. | 15,805 | 3 |
| Kaiser Steel Corp. | 15,094 | 10 |
| Salt Creek Mining Co. | 14,929 | 6 |
| Black Butte Coal Co. | 14,902 | 1 |
| Decker Coal Co. | 14,770 | 5 |
| Pacific Power & Light | 14,000 | 13 |
| Malapai Resource Co. | 13,426 | 21 |

SOURCE: U.S. Department of the Interior, Bureau of Land Management, Division of Solid Mineral Leasing.



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TABLE A-7

READJUSTMENTS AND MODIFICATIONS DURING FY 1985
AND PENDING READJUSTMENTS AND MODIFICATIONS,
BY STATE: SEPTEMBER 30, 1985

| State | Number of Readjustments That Came Due | Readjustments Pending* | Number of Modification Applications Submitted | Modifications Pending Decision ** |
|---|---|---|---|---|
| TOTAL | 39 | 64 | 4 | 6 |
| Colorado | 14 | 15 | 2 | 3 |
| Montana | 1 | 1 | 0 | 0 |
| New Mexico | 1 | 4 | 0 | 0 |
| North Dakota | 0 | 1 | 0 | 0 |
| Oklahoma | 1 | 5 | 0 | 0 |
| Utah | 14 | 25 | 2 | 3 |
| Wyoming | 8 | 13 | 0 | 0 |

SOURCE: U.S. Department of the Interior, Bureau of Land Management, Division of Solid Mineral Operations.

* Also includes for previous fiscal years those with readjustments under appeal to the Interior Board of Land Appeals or in Court.

** Also includes for previous fiscal years modification applications that have not yet been approved or denied.



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TABLE A-8
FEDERAL COAL LEASES ISSUED SINCE FISCAL YEAR 1978
BY FISCAL YEAR

| | Number of Issued Leases | Total Acreage Of Issued Leases | Total Recoverable Reserves Of Issued Leases (In Mil. Tons) |
|---|---|---|---|
| FY 1978 | 2 | 574 | 3.42 |
| FY 1979 | 13 | 9,062 | 70.78 |
| FY 1980 | 14 | 10,376 | r/ 135.63 |
| FY 1981 | 15 | 33,398 | 295.63 |
| FY 1982 | 40 | 84,283 | 1,406.87 |
| FY 1983 | 21 | 28,609 | 996.07 |
| FY 1984 | 6 | 6,595 | 70.17 |
| FY 1985 | 6 | 1,473 | 6.23 |
| Total | 117 | 174,370 | 2,984.80 |

NOTE: The data in this table is used in Figures A-1, A-2, and A-3. The differences in the number, acreage, and tonnages of leases issued and leases sold since FY 1978 is due to several factors. Thirteen PRLAs have been issued during the period; 7 leases have been sold, but have not yet been issued at the end of FY 1985; 5 leases were issued as the result of lease exchanges and partial lease assignments and thus were not counted as sold.

TABLE A-9
FEDERAL COAL LEASES SOLD SINCE FISCAL YEAR 1978
BY FISCAL YEAR

| | Number of Leases Sold | Total Acreage Of Leases Sold | Total Recoverable Reserves Of Leases Sold (In Mil. Tons) | Total High Bonus Bids (In Dollars) |
|---|---|---|---|---|
| FY 1978 | 4 | 1,490 | 7.04 | $104,801 |
| FY 1979 | 14 | 11,154 | 106.10 | 960,042 |
| FY 1980 | 12 | 8,465 | r/ 100.57 | 564,780 |
| FY 1981 | 25 | 37,277 | 298.73 | 26,150,862 |
| FY 1982 | 28 | 41,097 | 1,417.83 | 77,538,168 |
| FY 1983 | r/ 10 | r/ 13,877 | r/ 565.07 | r/ 26,174,514 |
| FY 1984 | 4 | 5,655 | 39.60 | 9,767,959 |
| FY 1985 | 9 | 2,876 | 10.22 | 425,952 |
| Total | 106 | 121,891 | 2,545.16 | 141,687,078 |

NOTE: The data in this table is used in Figures A-1, A-2, A-3, and A-4.

r/ Revised

SOURCE: Tables A-8 and A-9, U.S. Department of the Interior, Bureau of Land Management, Division of Solid Mineral Leasing, Solid Leasable Minerals System, September 30, 1985.



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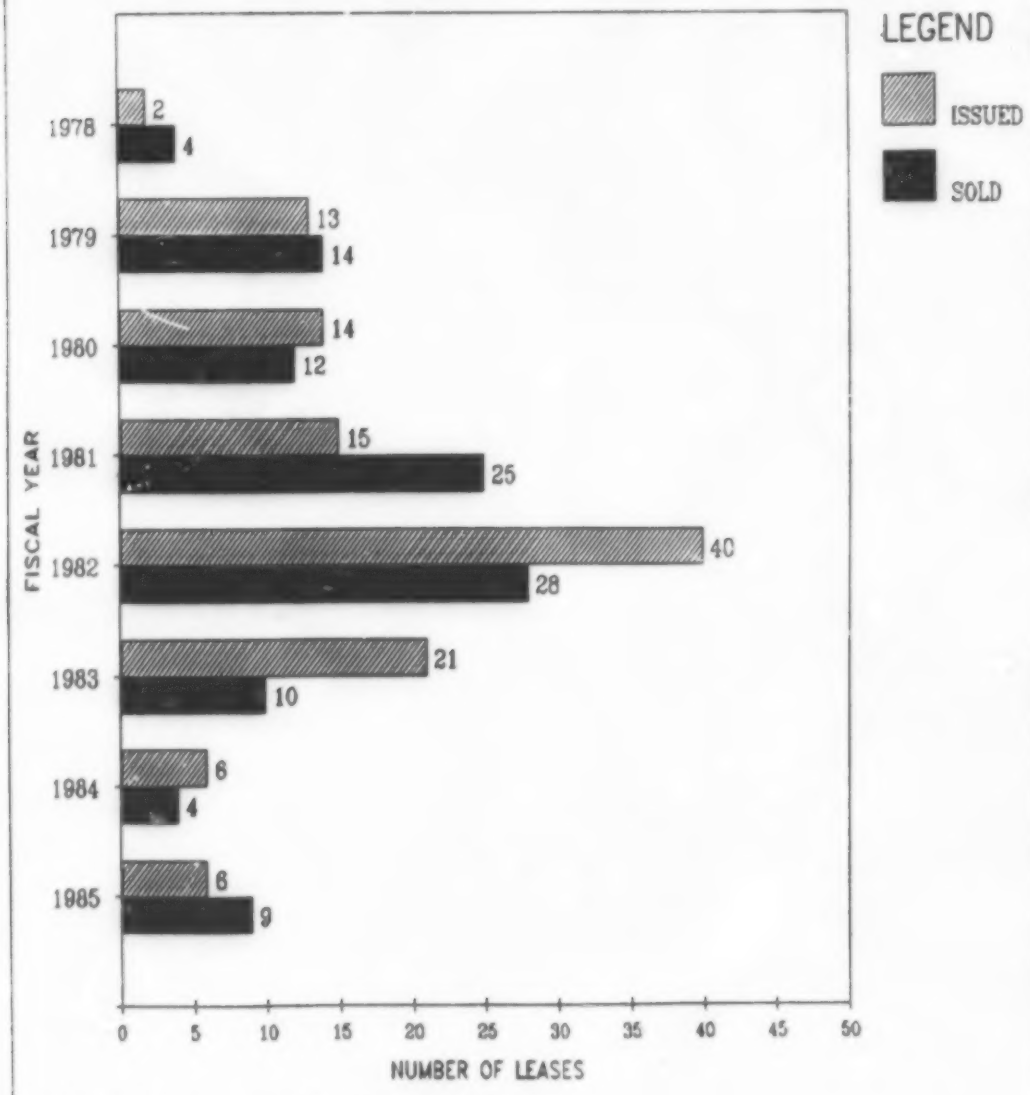
Figure A-1

# Federal Coal Leases

## Issued and Sold Since FY 1978




SOURCE: Solid Leasable Minerals System, September 30, 1985



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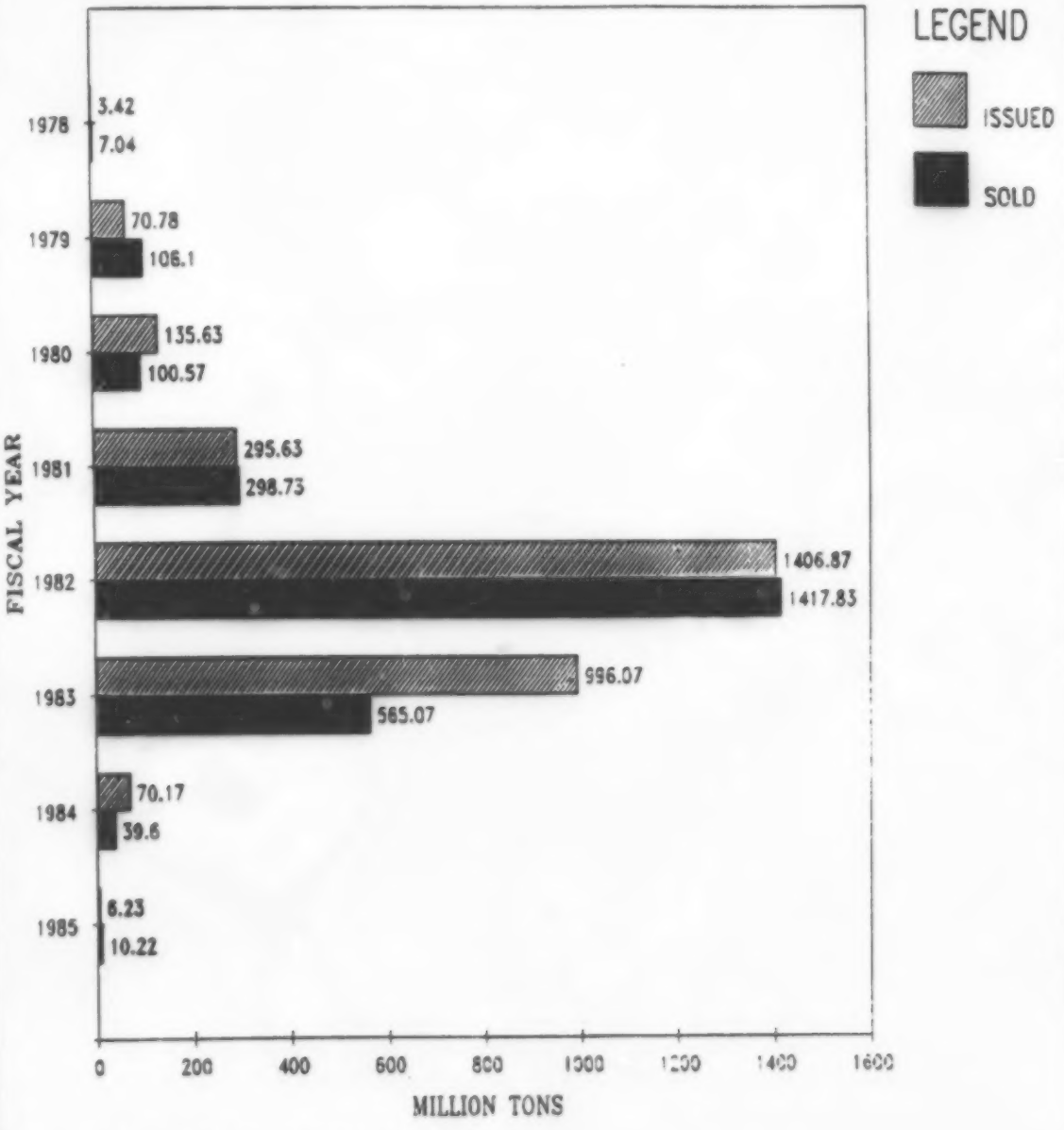
Figure A-2

# Recoverable Reserves on Federal Coal Leases

Issued and Sold Since FY 1978




Source: Solid Leasable Minerals System, Sept. 30, 1985



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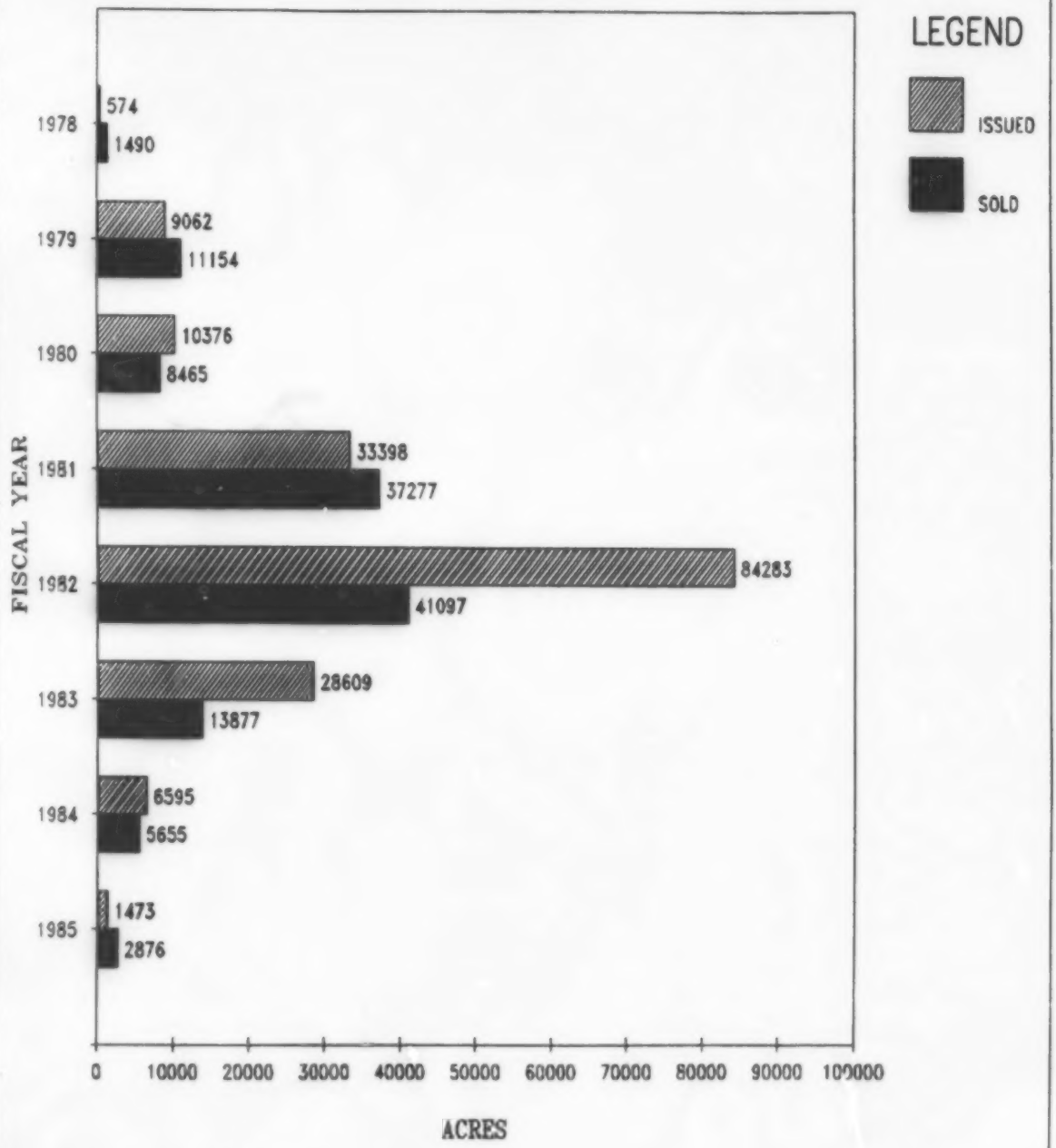
Figure A-3

# Acreage of Federal Coal Leases

## Issued and Sold Since FY 1978




Source: Solid Leasable Minerals System, Sept. 30, 1985



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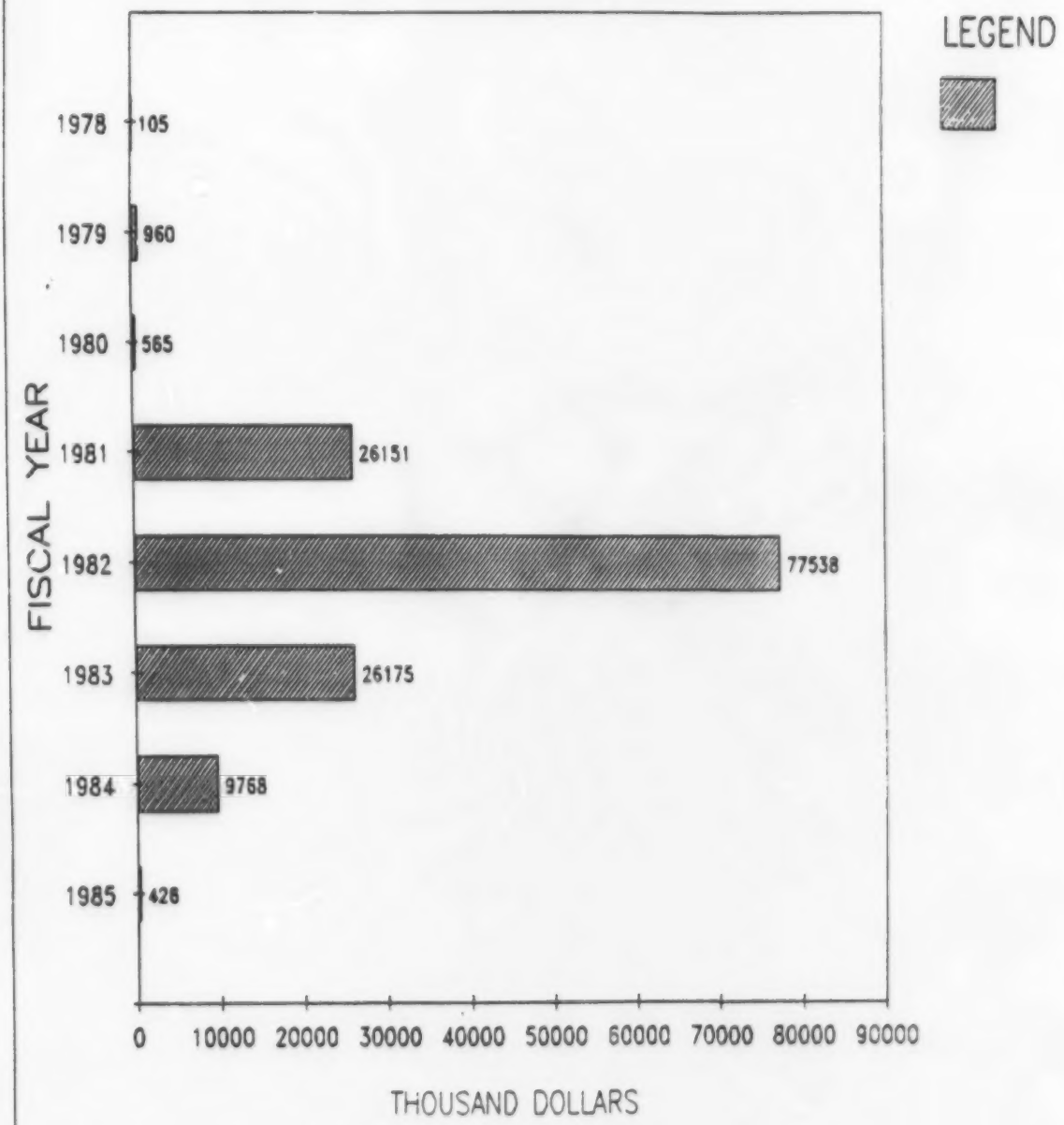
Figure A-4

# Total High Bonus Bids Received For Federal Coal Leases

Since FY 1978




Source: Solid Leasable Minerals System, Sept. 30, 1985



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TABLE A-10

TOTAL UNITED STATES COAL PRODUCTION AND FEDERAL PRODUCTION
BY STATE: CALENDAR YEAR 1984

| State | Production in CY 1984 | |
|---|---|---|
| | U.S. (Thous. Tons) | Federal (Thous. Tons) |
| Total | 895,923 | 115,817 |
| Alabama | 27,088 | 23 |
| Alaska | 859 | 0 |
| Arizona | 11,522 | 0 |
| Arkansas | 82 | 0 |
| Colorado | 17,967 | 11,735 |
| Georgia | 125 | 0 |
| Illinois | 63,769 | 0 |
| Indiana | 37,555 | 0 |
| Iowa | 527 | 0 |
| Kansas | 1,328 | 0 |
| Kentucky | 159,541 | 0 |
| Maryland | 4,103 | 0 |
| Missouri | 6,733 | 0 |
| Montana | 33,000 | 18,696 |
| New Mexico | 21,279 | 4,648 |
| North Dakota | 22,112 | 1,883 |
| Ohio | 39,256 | 0 |
| Oklahoma | 4,640 | 25 |
| Pennsylvania | 77,494 | 0 |
| Tennessee | 7,313 | 0 |
| Texas | 41,145 | 0 |
| Utah | 12,323 | 8,327 |
| Virginia | 40,368 | 34 |
| Washington | 3,872 | 836 |
| West Virginia | 131,008 | 0 |
| Wyoming | 130,914 | 69,610 |

SOURCE: Total U.S. Production - Department of Energy, Energy Information Administration.

Federal Production - Department of the Interior, Minerals Management Service, Royalty Management Office.

NOTE: Data may not add to totals shown because of independent rounding.



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TABLE A-11

ROYALTY REVENUES FROM FEDERAL COAL LEASES,
BY STATE: 1975 TO 1985

| | FY 1975 | FY 1980 | FY 1981 | FY 1982 | FY 1983 | FY 1984 | FY 1985 |
|---|---|---|---|---|---|---|---|
| Total | $4,857,423 | $24,568,692 | $40,280,418 | $61,062,456 | $56,666,428 | $57,797,590 | $104,597,046 |
| Alabama | 24,394 | 31,669 | 0 | 3,686 | 175,600 | 58,633 | 0 |
| Alaska | 51,438 | 0 | 0 | 0 | 0 | 0 | 0 |
| Colorado | 364,035 | 7,115,564 | 11,952,875 | 13,170,861 | 12,270,325 | 13,121,474 | 17,331,963 |
| Kentucky | 126,643 | 10,830 | 0 | 0 | 0 | 0 | 0 |
| Montana | 1,219,863 | 2,065,885 | 3,922,771 | 8,782,544 | 13,681,669 | 7,533,527 | 14,625,338 |
| New Mexico | 242,716 | 1,472,900 | 3,440,772 | 7,841,138 | 5,000,506 | 6,623,975 | 23,884,620 |
| North Dakota | 60,013 | 272,272 | 101,677 | 745,253 | 2,106,051 | 1,477,787 | 6,344,295 |
| Oklahoma | 43,199 | 826,942 | 1,009,820 | 1,110,490 | 606,141 | 147,678 | 32,699 |
| Utah | 456,480 | 3,968,073 | 5,094,133 | 5,833,291 | 7,611,949 | 6,004,792 | 14,316,916 |
| Virginia | 0 | 0 | 0 | 0 | 0 | 41,110 | 90,271 |
| Washington | 18,851 | 0 | 0 | 13,115 | 46,149 | 139,948 | 79,729 |
| Wyoming | 2,249,791 | 8,804,557 | 14,758,370 | 23,562,078 | 15,168,038 | 22,648,666 | 27,891,215 |

NOTE: Details may not add to total due due to rounding. The statistics for FY 1985 represent production and royalty reported during FY 1985 and adjustments made during FY 1985 for prior periods. The FY 1985 royalty management statistics may not represent actual production achieved in FY 1985 for the royalty accrued on that production due to adjustment for previous years. This data is unpublished.

SOURCE: U.S Department of the Interior, Minerals Management Service, Royalty Management Office.



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TABLE A-12

FEDERAL COAL PRODUCTION, PRODUCTION VALUE, AND ROYALTY VALUE
FY 1973 TO 1985

| Fiscal Year | Coal Production (Thousand Tons) | Production Value (Thousand Dollars) | Royalty Value (Thousand Dollars) |
|---|---|---|---|
| 1973 | 14,033 | 65,548 | $2,199 |
| 1974 | 20,631 | 106,536 | 3,374 |
| 1975 | 26,897 | 168,727 | 4,857 |
| 1976 | 33,387 | 268,056 | 6,424 |
| 1977 | 50,355 | 433,600 | 9,853 |
| 1978 | 58,787 | 550,864 | 12,372 |
| 1979 | 59,141 | 699.234 | 16,119 |
| 1980 | 71,958 | 862,817 | 24,569 |
| 1981 | 94,645 | 1,198,764 | 40,280 |
| 1982 | 104,430 | 1,546,322 | 61,062 |
| 1983 | 105,449 | 1,550,462 | 56,667 |
| 1984 | 104,150 | 1,401,488 | 57,797 |
| 1985 | 162,189 | 2,374,138 | 104,597 |

NOTE: The data in this table are used in Figures A-5, A-6 and A-7.

SOURCE: U.S. Department of the Interior, Geological Survey, Federal and Indian Lands Coal, Phosphate, Potash, Sodium, and other Mineral Production, Royalty Income, and Related Statistics, June 1981, for data for FY 1973-1975. Data for succeeding Fiscal Years is unpublished and is from Minerals Management Service, Royalty Management Office. 1985 estimated in part.



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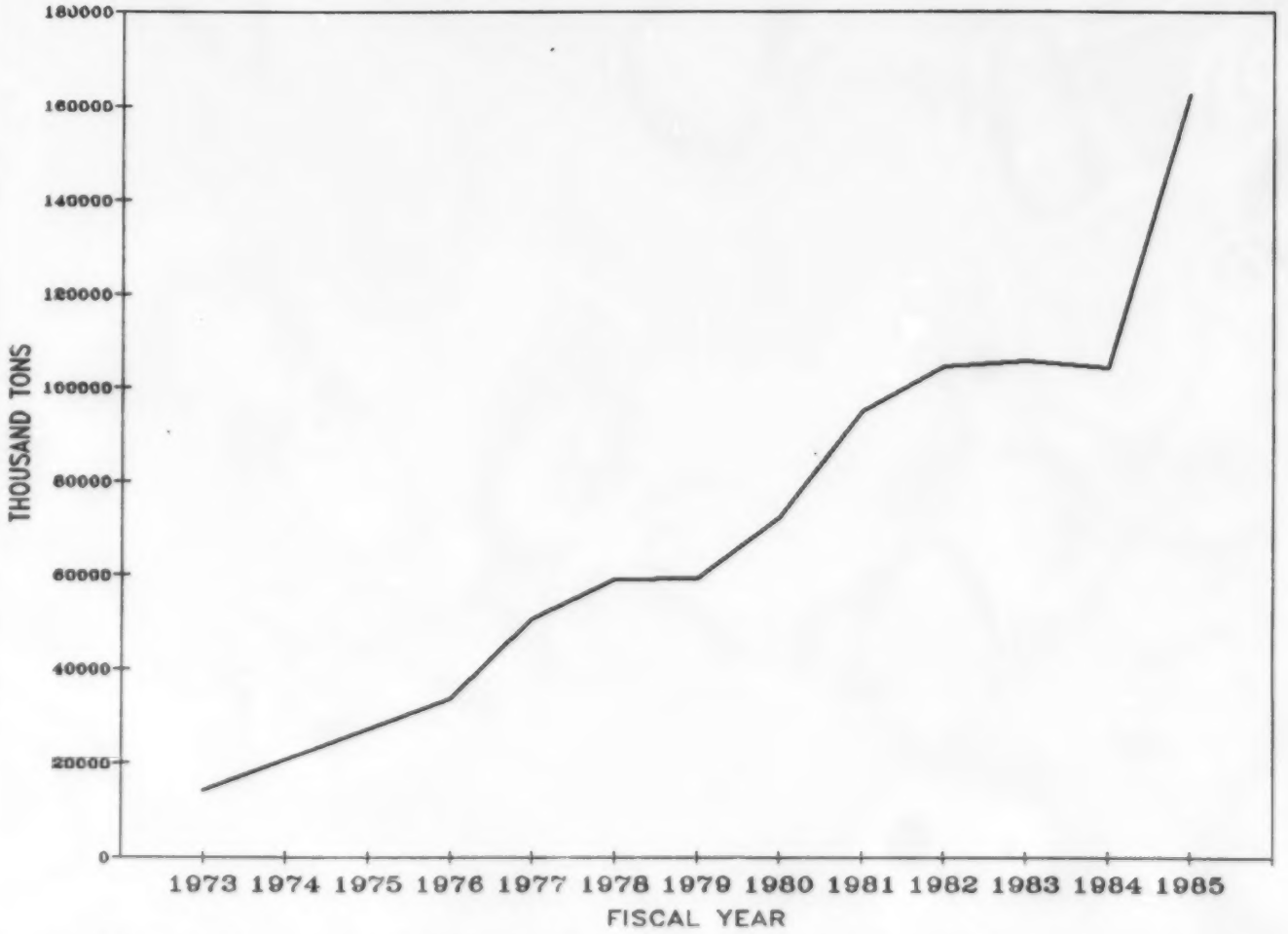
Figure A-5

## Production from Federal Coal Leases

FY 1973 thru FY 1985




Source: Minerals Management Service, Royalty Management Office, Dec. 1985

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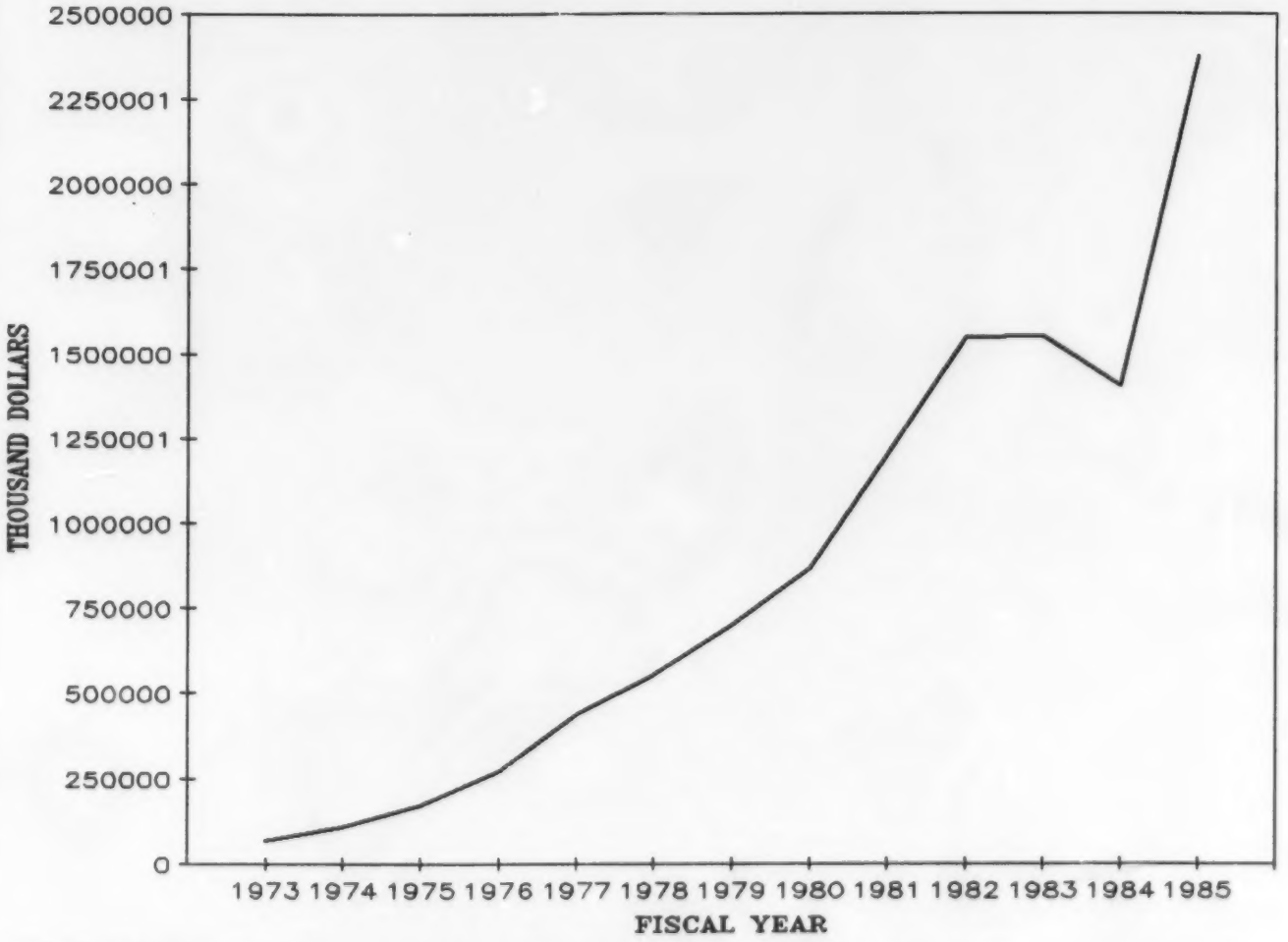
Figure A-6

## Value of Production – Federal Coal Leases

FY 1973 thru FY 1985




SOURCE: Minerals Management Service, Royalty Management Office, Dec. 1985



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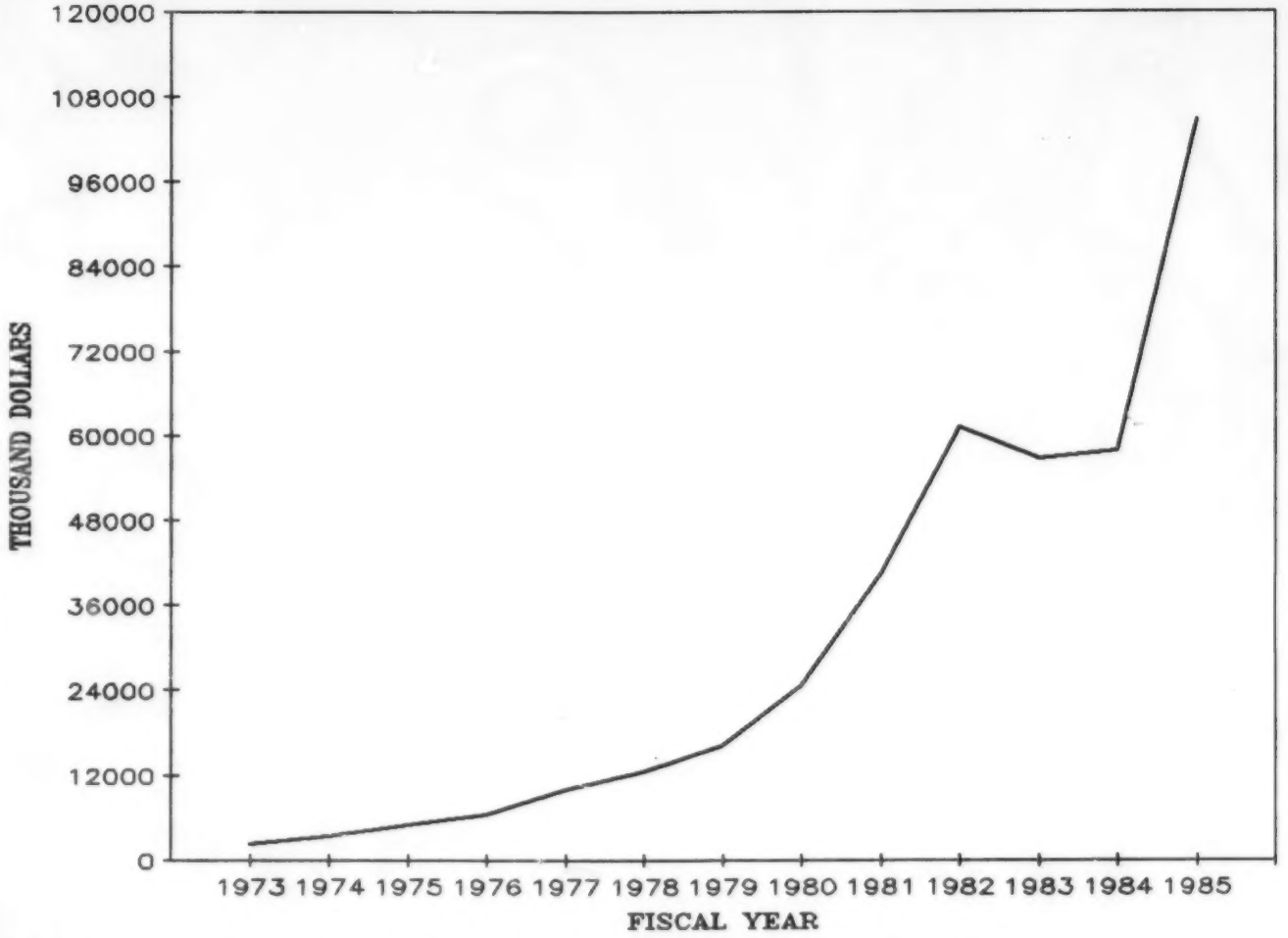
Figure A–7

## Royalties from Federal Coal Leases

FY 1973 thru FY 1985




Source: Minerals Management Service, Royalty Management Office, Dec. 1985



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TABLE A-13

LEASES SOLD IN ALL LEASE-BY-APPLICATION SALES
(January 1979 through September 1985)

| State | No. of Tracts | Acres | Total Recoverable Reserves* | Total High Bonus Bids |
|---|---|---|---|---|
| Alabama | 5 | 1,970 | 2.01 | $ 158,025.00 |
| Colorado | 13 | 5,317 | 35.94 | 330,542.20 |
| Kentucky | 4 | 3,402 | 7.43 | 318,630.00 |
| Montana | 4 | 1,428 | 46.20 | 35,700.00 |
| New Mexico | 2 | 4,016 | 76.28 | 118,592.00 |
| North Dakota | 5 | 2,528 | 24.56 | 113,500.00 |
| Oklahoma | 5 | 1,688 | 3.81 | 227,186.50 |
| Utah | 7 | 4,351 | 47.62 | 4,011,277.00 |
| Virginia | 1 | 251 | 0.30 | 27,610.00 |
| Wyoming | 6 | 9,736 | 144.98 | 1,852,228.00 |
| Total all | 52 | 34,687 | 389.13 | $ 7,193,290.70 |

*Million tons

Source: U.S. Department of the Interior, Bureau of Land Management, Solid Leasable Minerals System, September 30, 1985.



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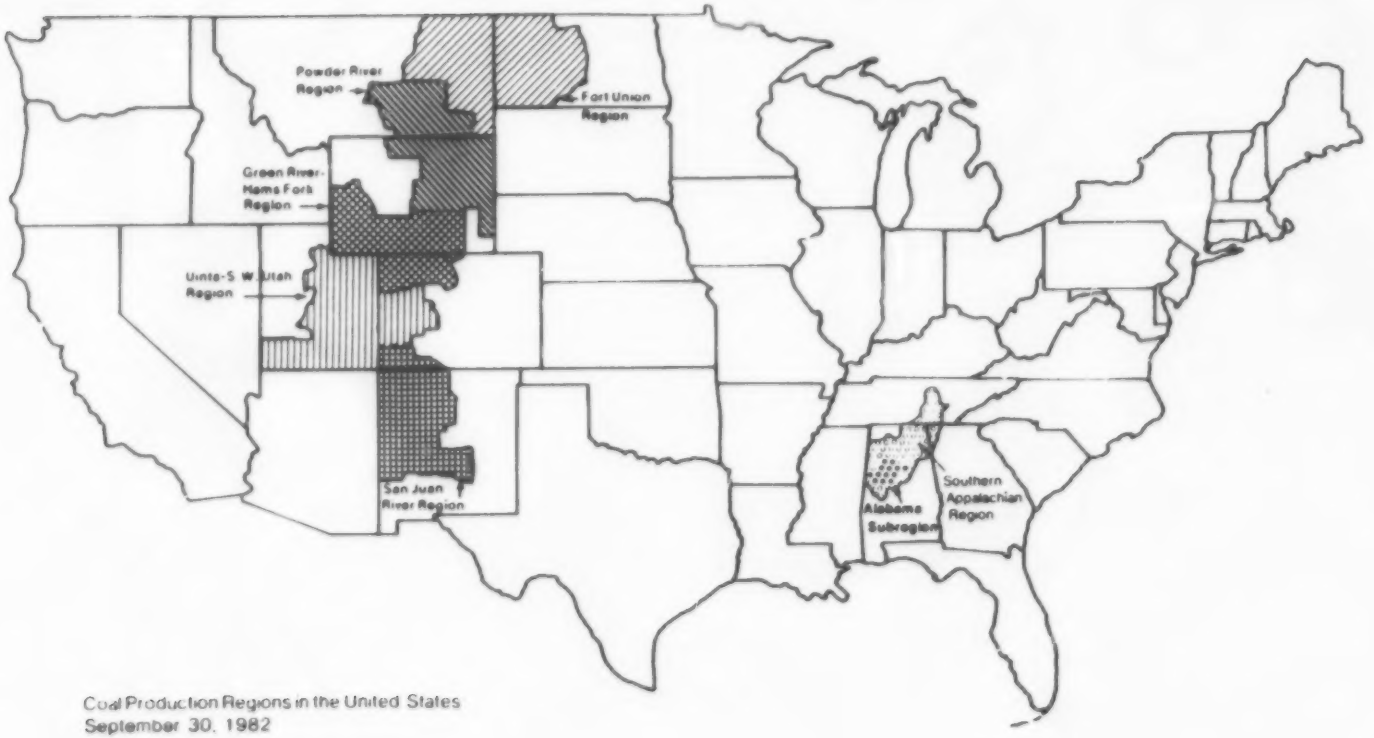
Appendix B
Federal Coal Production Regions




Coal Production Regions in the United States
September 30, 1982

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## GLOSSARY

| | |
|---|---|
| ALJ | Administrative Law Judge |
| ALMRS | Automated Lands and Minerals Record System |
| AML | Abandoned Mine Land |
| BIA | Bureau of Indian Affairs |
| BLM | Bureau of Land Management |
| BTCA | Best Technology Currently Available |
| CCASM | Citizens Concerned About Strip Mining |
| CFR | Code of Federal Regulations |
| CREV | Coal Resource Economic Value |
| DD-CO | Diligent Development and Continued Operation |
| DOI | Department of the Interior |
| DOJ | Department of Justice |
| EIS | Environmental Impact Statement |
| EPA | Environmental Protection Agency |
| ESIS | Ecological Site Inventory System |
| FCLAA | Federal Coal Leasing Amendments Act |
| FCAB | Federal Coal Advisory Board |
| FLPMA | Federal Land Policy and Management Act |
| FMV | Fair Market Value |
| FR | Federal Register |
| FS | Forest Service (USDA) |
| FWS | Fish and Wildlife Service |
| FY 1985 | Fiscal Year 1985 (October 1, 1984 to September 30, 1985) |
| GIS | Geographical Inventory Systems |
| GS | Geological Survey |
| IBLA | Interior Board of Land Appeals |
| IHICS | Integrated Habitat Inventory and Classification System |
| LMU | Logical Mining Unit |
| LUP | Land Use Plan |
| MFP | Management Framework Plan |
| MLLA | Mineral Lands Leasing Act |
| MMS | Minerals Management Service |
| MMS-RM | Minerals Management Service-Royalty Management |
| MOU | Memorandum of Understanding |
| NAWDEX | National Water Data Exchange System |
| NCRDS | National Coal Resources Data System |
| NEPA | National Environmental Policy Act |
| OSMRE | Office of Surface Mining Reclamation and Enforcement |
| OTA | Office of Technology Assessment |
| PRLA | Preference Right Lease Application |
| RAM | Rapid Assessment Method |
| RCT | Regional Coal Team |
| RMP | Resource Management Plan |
| R2P2 | Resource Recovery and Protection Plan |
| SMCRA | Surface Mining Control and Reclamation Act |
| SRA | State Regulatory Authority |
| USDA | United States Department of Agriculture |

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